City of Lafayette Staff Report

Date:	**May 27, 2008**
For:	**City Council**
By:	Steven Falk, City Manager Tracy Robinson, Administrative Services Director
Subject:	2009/10 Proposed Municipal Budget and Workplan

Main Take-Away

This is a recessionary budget that projects General Fund revenues to decline by 2% and expenditures to rise by 3%, leading to an annual budget for FY 2009/10 that is out of balance by $900,000. About 11% of Lafayette's $8.3M reserves would be used to plug the gap, leaving the City with $7.5M in reserve at year's end, which is equal to 65% of General Fund expenditures -- well over the 50% target. However, the gap between operating revenues and expenses remains and unless the economy improves significantly, during the next five years the City will likely need to reduce police cost increases, reduce other service levels, deliver new revenues, or do some combination of those choices in order to remain fiscally solvent.

Introduction

While the circumstances of each and every fiscal year are unique, FY2009/10 is shaping up to be -- how shall we say this? -- more unique than others. The collapse of the real estate and housing markets has mired the nation in The Great Recession. The banking sector is in tatters. The auto industry is in free fall. Unemployment is worse than it has been in decades and is now approaching double figures. The State of California is facing a $30 billion deficit with no credible plan to plug the hole. Term limits have stripped the State of experienced leaders with a long term stake in a financially sound California, and forty years of short sighted legislation, smoke, mirrors, and get-out-of-town budgets have left the State functionally bankrupt and grasping for straws. While it is disappointing that the State is once again eyeing city revenues, it is not surprising. When lawmakers pull this trigger – and we are confident that they will – the impact to Lafayette will be a $540,000 reduction in General Fund revenues.

Likewise, Contra Costa County is flailing. The Board of Supervisors approved pension and retirement health care benefit plans that were too generous and then, for decades, underfunded them. This approach worked when the County was rapidly expanding, but in recessionary times the combination is deadly. The County Administrator estimates that, to meet it's contract obligations, the County will need an additional $100 million annually – this, during a period of declining revenues. These deferred entitlement liabilities could force the County, over the next few years, to lay off a quarter of its workforce or else consider declaring bankruptcy to void the employment contracts.

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Meantime, in its scramble to raise additional revenues, Contra Costa County continues to increase rates and otherwise slough off, where possible, its responsibilities to the cities. In 2006, the County charged Lafayette $54,000 for Animal Control; now it wants $100,000 more for the same level of service. Library services, transportation services, and other social services are all being deliberately devolved to cities throughout Contra Costa. Most recently the District Attorney send a note to all Contra Costa police chiefs announcing that, due to layoffs, he does not have staff capability to prosecute misdemeanors, and would thus no longer be taking action on shoplifting, trespassing, vandalism, and certain assault and battery crimes. The DA later backpedaled, suggesting as an alternative that he may be willing to deputize city attorneys, thus allowing cities to pay for the prosecution of crimes that the County can no longer afford to handle.

Of all County increases, the most threatening to Lafayette is the rising cost of the Sheriff's contract. Lafayette's total cost for police services in 2005 was $2.9M, but we expect that number to climb to $4.0M in the next fiscal year and -- unless something is done -- to $7M within five years. It was prescient for the City Council, earlier this year, to engage the Matrix Consulting Group to study less costly alternatives to the Sheriff's contract.

This is the long way round to saying that if the other government agencies were solvent and would just leave us alone, Lafayette might be OK. In fact, if it weren't for the big expected grab from the State and the hefty long term cost increases in Sheriff's services, Lafayette would nicely thrive. . Unfortunately, however, that's not the case.

Because Lafayette is a stable community, we don't believe that revenues will will fall off a cliff. Long time residents will duly pay their property taxes, and continue to deliver sales tax revenue when they buy groceries and take the family out to dinner. The $540,000 loss in State revenue, however, takes a toll, and the net result is a budget that projects total revenues ($11.1M) to decline by 2 percent.

On the expenditure side, the City has long budgeted conservatively; this budget doesn't deviate from that approach. We continue to contract for most services, seeking the lowest qualified bidders where possible. Our employees work on a pay-for-performance basis, there are no automatic salary increases, and Lafayette does not participate in the defined benefit retirement programs that are causing trouble in so many other jurisdictions. Recognizing that these are lean times with flat revenues, the City's department heads were tasked this year with delivering lean budgets while not cutting service levels, and they have done so; we expect that total general fund expenditures and transfers ($11.9M) will rise by just 3% compared to estimated actual FY2008/09 expenditures.

The net result is a budget that, while lean, is still out of balance by about $900,000. This financial plan would pay for that difference by spending down about 11% of the City's $8.3M reserve. While nobody likes deficit spending, this is what the emergency reserve was designed for: to provide smooth and consistent service levels during both expansionary and recessionary periods. The Council has saved judiciously for many years and the City's reserve is well above the 50% target level. These savings can now justifiably be used to bridge the gap until the economy improves.

Having said that, the conservative assumptions embedded in the five year budget forecast (see page 3 in the budget) suggest that if the economy stays flat while Sheriff's costs continue to rise, the City will run annual deficits for the foreseeable future. In fact, the five year forecast suggests, absent significant budget changes, that Lafayette's annual deficit will increase every year; that the City will fail to meet its reserve requirement target in 2012 and that in every year thereafter; and that the General Fund balance will ominously approach zero by the middle of the next decade.

Admittedly, the budget -- and particularly the revenue estimates -- are pessimistic, and it will help when the economy lifts itself from this downward cycle. However, if this downturn is long and Lafayette wants to avoid the path that leads toward insolvency, the City Council will need to reduce police cost increases, reduce other service levels, deliver new revenues, or do some combination of those choices.

Staff suggests that at this point it may be premature to cut service levels – particularly when the study of police services alternatives is still underway (given that police services comprise more than 40% of the budget, the import of the study's recommendations cannot be overstated). Likewise, staff has not been given direction to pursue this path by the City Council. However, recognizing that Council may wish to begin such discussion, we will prepare a menu of options for service level reductions for its discussion and consideration at the meeting on May 26th.

SUMMARY

Expenses. The FY2009/10 General Fund proposed expenditure budget, including transfers, will total $11.3M. This represents a decrease of $1.9M, or 14%, from the current year budget of $13.2M. The main reasons for this decrease are:

- In FY2008/09, the General Fund transferred $1.75M to the Pavement Management Program. For FY2009/10 and each of the following five years, we are proposing that the General Fund limit its annual transfer to the Pavement Management Program to $1M.

- Council instituted a new policy to transfer $100,000 annually from Parking Programs to Core Area Maintenance. Spending down balances in the Core Area Maintenance fund and subsidizing it with Parking fund money should relieve the General Fund from its perpetual need to fund downtown maintenance.

Revenues. Although the FY2009/10 General Fund budget anticipates that revenues will be flat as compared to estimates for FY2008/09, there are several important changes:

- *Property Tax* ($3,548,673) – While this is $74K less than the prior year budget, it is $100K more than the City expects in actual receipts for FY2008/09. The housing crunch has affected Lafayette, albeit to a lesser extent than many communities. While home sales have slowed, the bump in assessed value delivered by the sale of homes that have been held for decades still appears to swamp local declines – in fact, actual property taxes received increased by $92K this year as compared to FY07/08. Note, however, that the $3.5M figure is an estimate, and that there remains the risk that scores of properties will have their values lowered by the County Assessor via appeal or a blanket revaluation. The

new city-wide AV figures should be available in late June or early July.

- *Sales Tax* ($2,401,702) – While the economy has slowed, so has sales tax revenue. The City's latest sales tax forecast summary anticipates that the most likely scenario for sales tax revenue is a decrease of 4%, or about $100K. Overall, sales taxes are expected to be about $200K lower than FY07/08.

- *Investment Earnings* ($700,000) – While the average earnings on the City's portfolio have declined as interest rates have dropped, the General Fund continues to earn 8% on the loans outstanding to the Redevelopment Agency. The interest on these loans was inadvertently not included in previous budgets; correcting the oversight boosts the estimated investment income by approximately $250K for this fiscal year. Even so, this category of revenue is down by 40% as compared to FY07/08.

- *Planning Fee Revenues* ($675,000) – Again, as a result of the weak economy, the number of planning applications has decreased. This budget reflects a decrease of $170K over FY07/08 actuals.

- *Franchise Fees* ($400,000) – While the City will receive an additional $400K in Waste Management Mitigation Fees, the State has also threatened to borrow (as noted above) up to 8% -- or $540,000 -- of property tax revenue to balance its budget.

HIGHLIGHTS OF PERSONNEL CHANGES

There are three personnel changes proposed and included in the budget:

- *Building Maintenance Supervisor & Library Caretaker* - ($158,212)
  With the library nearing completion, a Building Maintenance Supervisor will be hired in July – five months in advance of opening day – to become familiar with the library systems. In addition, a Library Caretaker will be hired in September/October. The cost for these positions is included in the Library Operations Budget (Fund 37).

- *Salary Range Increases* – ($17,000)
  As a result of the biannual Salary Survey there were five employees whose ranges moved upward, leaving them below the bottom of their job range. In accordance with the Personnel Rules, their salaries were adjusted. These employees' salaries are split among a number of different departments.

- *Salary Increases ($135,000)*
  The City Council and the Association of Lafayette Employees entered into a labor agreement in 2007 that governs pay increases through FY 2009/10. Lafayette operates strictly on a pay-for-performance system – there are no automatic or "step" increases – and we estimate that the Agreement will deliver average pay increases of about 6% to employees. The total cost to the General Fund will be $135,000, or about 1.5% of total General Fund expenditures.

HIGHLIGHTS OF GENERAL FUND PROGRAM CHANGES

City Council

This budget decreased by $28K because there are no scheduled elections this year.

Parks Trails & Rec and Senior Services

Expenses for these commissions decreased by a total of $60K due to two one-time large projects budgeted in FY08/09– the Parks Master Plan and the Senior Services Assessment.

Police

The budget for the police contract with the Contra Costa County Sheriff is the same as for FY2008/09. In fact, current year expenses for the police contract are actually expected to be about $400K lower than the budget due to primarily to the fact that the budget assumes top step pay for all officers. In order to be conservative, the FY2009/10 budget also assumes top step, but it is likely that actual expenditures will be lower.

Note that the Sheriff's office has indicated that beginning in FY2011/12, retirement costs for Sheriff's personnel will increase by 15% annually for each of the following five years. When combined with other costs, the blended total increase in Sheriff's costs for the five year period 2011 – 2016 could be 12.5%.

Cost increases at this level are obviously unsustainable. We do not know yet what Matrix Consulting will recommend, however, this budget sets aside $250K of General Fund money in a sinking fund to offset potential costs that may be associated with changing the way the City provides police services.

Emergency Preparedness

In the last two budgets this program included $45K for a regional Emergency Preparedness Coordinator. While the emergency plans have all been recently reviewed and upgraded, plans for a regional coordinator have been put on hold.

Community Center Maintenance

The costs for Community Center Maintenance will decrease by $62K primarily due to two one-time large projects that were budgeted in FY08/09 – the boiler upgrade and community events sign.

Emergency Response

All of the emergency repairs resulting from the storms two years ago have now been completed, thus decreasing the expenses in this program by $200K.

Planning Services

Since the volume of planning applications has decreased, contract services have been scaled back by $20K. In addition, the Housing Element Update was completed, thus decreasing the FY2009/10 budget by $50K from the prior year. This budget does include $50K to study proposed planning impact fees for capital facilities and truck routes.

HIGHLIGHTS OF CAPITAL IMPROVEMENT PROGRAM CHANGES

Capital Improvement Projects (Fund 14)

Engineering will again concentrate substantially on local road & drain improvements for the 2010 construction year with projects totaling $3.3 million. The primary sources of funds include: $400K from gas taxes; $230K from Measure C, and $342K from Proposition 1B, $420K from bid savings this fiscal year, $720K in federal stimulus money. The General Fund will contribute a total of $1 million which includes $400K from the new waste management mitigation fee. Another $350K will come from the Streetlight Replacement Reserve fund for a project in the downtown.

Parks Facilities (Fund 12)

Parks, Trails and Recreation will undertake several projects totaling $955K including replacement of the Community Park playground equipment, building the bike park, refurbishing the Manzanita Room and the Book Room, and improvements to Olympic Park. The funding will come primarily from Park Dedication Fees ($50K) as well funds from Measure WW ($545K) and Measure AA ($114K) and private contributions ($40K).

Parkland & Open Space Acquisition (Fund 17)

This new fund has been created to segregate the Parkland Dedication fees that are earmarked for Parkland Acquisition. $200K that was previously restricted in Fund 12 for this purpose has been moved to Fund 17. In addition, this fund includes minimal expenses associated with the new Open Space Committee ($30K). These specific expenses will be subsidized with a transfer from the General Fund.

HIGHLIGHTS OF CHANGES IN ENTERPRISE FUNDS

Recreation Programs (Fund 31)

After a number of years in which this program generated a surplus, estimates for FY2009/10 project a deficit of $71K. The fund is expected to have a negative balance of $27K after accounting for all the transfers (e.g. $5K to the Community Center Sinking Fund for playground equipment maintenance and $20K to the General Fund for utilities).

Parking & Code Enforcement (Fund 32)

As per the Finance Review Committee's recommendation, $100K will be transferred annually from this fund to Core Area Maintenance (Fund 52).

Senior Transportation (Fund 36)

The Senior Transportation Program is now in its fourth year and this budget includes a fourth transfer of $25,000 from the General Fund. Since about 40% of the total riders are split evenly between Moraga and Orinda residents, the program coordinator regularly solicits funds from those communities. However, in FY2008/09 no funds were contributed by Orinda and only $5K came from Moraga. This year, we are soliciting $14.5K each from Moraga and Orinda, but have no guarantee that these funds will be delivered.

In addition to fares, which are minimal, the program's primary revenue sources include gifts, grants and donations. For FY2009/10 $24K a grant has already been secured from New Freedom, however, this budget also includes an additional $30K in grants from sources that have not yet been identified.

Therefore, while the FY2009/10 proposed budget shows this program ending the year with a surplus of $25K, failure to secure any of the sources of revenue that are not currently committed or identified means that the program will run out of funds mid-year.

Library Operations (Fund 37)

In anticipation of the library opening in November, last year we opened a new program budget to track the cost of ongoing library operations. The expenses included in this budget are for library operations at 56 hours/week, all related equipment and materials, building maintenance and two employees (Building Superintendent and a Caretaker). Note that this also includes an estimated $100K for earthquake insurance.

The understanding we have with the County is that they will fix its support for library at the current level for staffing. That support will increase annually with inflation and the City will be responsible for all other costs associated with running the library. Therefore, the sources of revenue for this fund are as follows:

- $552K - County
- $120K - General Fund (additional library hours traditionally paid by the General Fund)
- $700K – Lafayette Library Foundation

HIGHLIGHTS OF CHANGES IN OTHER FUNDS

Public Facilities (Fund 16)

This budget for this fund includes $200K to replace the roof at the Community Center. $140K of that amount comes from the accumulation of monies set aside annually in a sinking fund for just this purpose. The additional money comes from fund balances that were previously set aside for improvements at the Public Works Yard. By deferring that work, the roof can be replaced without requiring additional transfers from the General Fund.

City Offices Development (Fund 75)

With the completion of the new library, the Redevelopment Agency is obligated to buy the old library site. The Finance Review Committee recommended that this site be used as City Offices, and this budget includes costs to purchase the land and begin renovations on the building. For FY2009/10, the budget is $2.4 million, which would drain the balance of the City Offices fund. In order to complete the project, $850K in General Funding will be needed in FY2010/11.

HIGHLIGHTS OF CHANGES IN REDEVELOPMENT FUNDS

Redevelopment (Fund 91)

$195K has been budgeted for the Downtown Strategic Plan EIR, $150K of which will be funded by a grant from ABAG.

Library (Fund 93)

As is our practice with capital projects, the entire amount of construction is budgeted in one fiscal year. Funds that are not spent will be re-budgeted each year as actual expenses are calculated. We have assumed that revenue from donations, grants and bonds will match expenditures. Please see the Library Building Sources & Uses table included with the Library budget for more details.

This fund shows a negative balance of $4 million at the end of construction. This deficit is due to getting fewer bond proceeds than expected due to the tumultuous bond market and $2.5 million in additional payments to the contractor as a result of a settlement agreement. This deficit will be bridged by approximately $2M in additional loans from the Library Foundation and an equal amount from the fund balances in Redevelopment (Fund 91).

Redevelopment Debt (Fund 95)

Per Council direction, the interest on the debt owed to the General Fund from general RDA projects continues be paid back rather than capitalized as it has been in prior years. The amount for FY2008/09 is $138K. The interest owed to the General Fund for "above the cap" projects (e.g. Vets Memorial and Library), continues to be accrued; for FY2009/10 the amount

is $255K. The total outstanding debt from the RDA to the General Fund is $5.2 million, which is deducted against cash reserves.

Highlights of Transfers and Sinking Fund Changes

Each year, the General Fund transfers money to other funds. Significant ongoing transfers include:

- Capital Improvement Projects - $1 million annual contribution which includes $400K from the waste management mitigation fee.
- Supplemental Law Enforcement - $292K for supplement additional officers that are partially funded by the $100K COPS grant.
- Library Operations - $120K to fund additional library hours.
- Insurance - $200K for insurance premiums.

Note that there is no transfer to Core Area Maintenance this year. The deficits in Core Area Maintenance are being offset by a $100K transfer from Parking Programs as well as fund balances from cost savings in prior years.

Significant Sinking Fund & Reserve Restriction changes include:

- $250K has been set aside for potential expenses that may arise out of making changes to the way we provide police services.
- $100K was added to a sinking fund for the Regional Radio System that is being developed for Contra Costa and Alameda Counties. Lafayette's share for this system will be $300K so no further contributions should be necessary.
- The $72K contribution to traffic calming programs has been suspended again this year. The fund has a balance of almost $230K, an amount the Engineering Services Manager indicates is sufficient for both programs that are anticipated in the foreseeable future.

Highlights of Changes in the Reserve Standard

The estimated reserve at the end of FY2009/10 is estimated at $7.5 million which is $1.9 million over the target amount, or about 67% of General Fund expenditures. While this is well over the target, revenue and expense forecasts for the next five years show that starting in Year 3 (FY2011/12) that the City will not be able to meet its reserve target going forward (see next section).

HIGHLIGHTS OF THE FIVE-YEAR FORECAST

A new page has been added to the budget which forecasts revenues, expenses and reserves over five years. This model, which incorporates the figures from this budget, indicates that while Lafayette will have healthy reserves for the next two years, it will become increasingly difficult to meet the target reserve in Year 3 and thereafter. As noted above, there are two major reasons for this:

1. **The model anticipates extremely conservative revenue growth over the next five years.** At this point, given the current state of the economy, it is difficult to predict when economic recovery will begin and when that recovery will translate into increases in our main sources of revenue (e.g. property and sales tax). This model forecasts roughly 2% revenue increases annually.

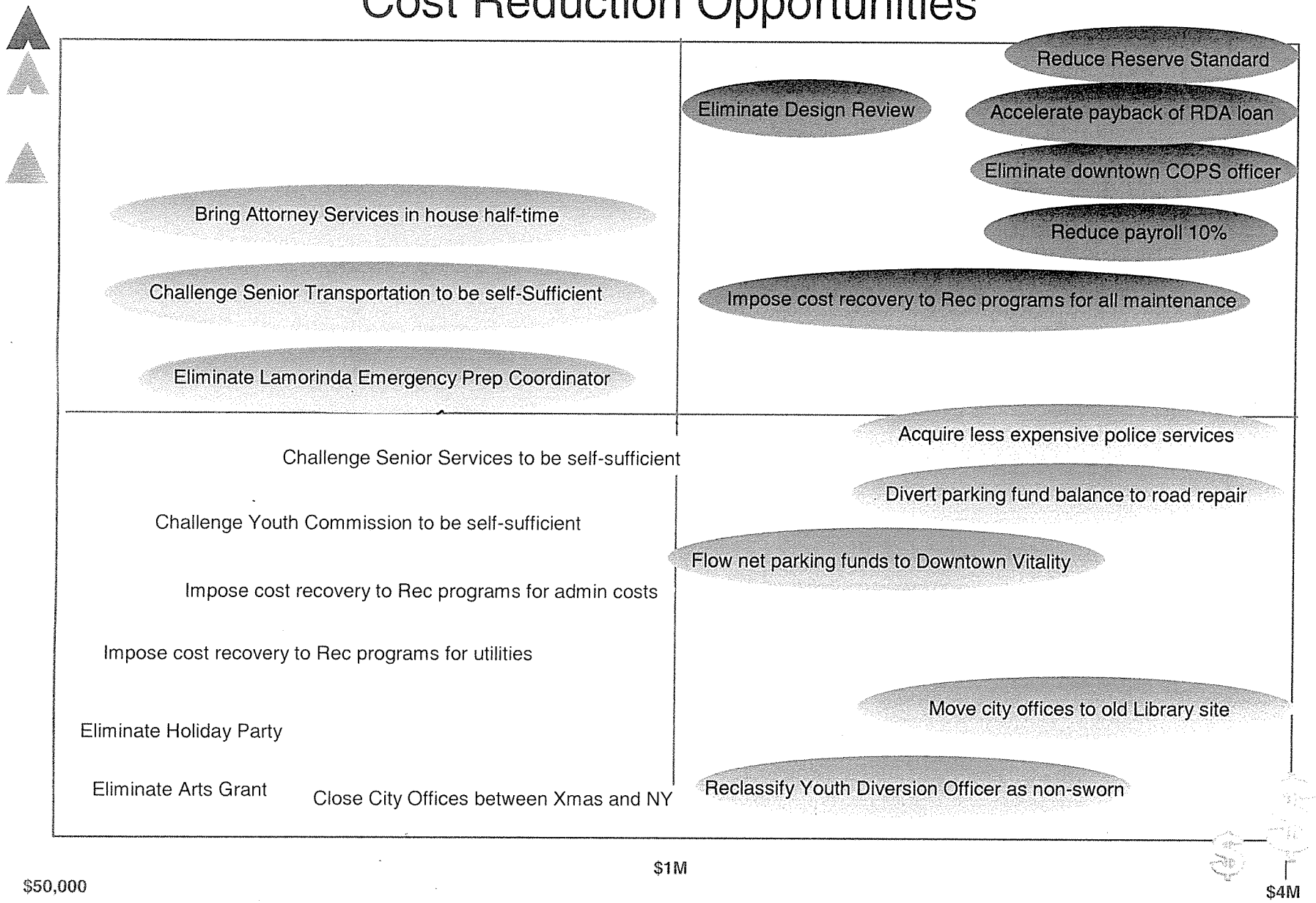
2. **Police services are rising uncontrollably.** At a meeting at the Sheriff's office earlier this year, staff was told that while expenses for the upcoming year of the contract would remain flat contract cities could expect costs for retirement and health benefits to double over the next five years. If correct, police costs could rise a total of almost 72% over five years and comprise 50% of the overall budget at the end of the period.

While other expenses can be controlled, eliminated or curtailed in order to align with projected revenue, it is obvious that another solution for providing cost efficient police services is a necessity else it eventually consumes all of the City's resources.

Recommendation

Receive the Proposed FY2009/10 Municipal Budget and Workplan, take public testimony and approve Resolutions 2009-36 and R2009-04.

Finance Review Committee
Cost Reduction Opportunities


Reduce Reserve Standard
Eliminate Design Review
Accelerate payback of RDA loan
Eliminate downtown COPS officer
Bring Attorney Services in house half-time
Reduce payroll 10%
Challenge Senior Transportation to be self-Sufficient
Impose cost recovery to Rec programs for all maintenance
Eliminate Lamorinda Emergency Prep Coordinator
Acquire less expensive police services
Challenge Senior Services to be self-sufficient
Divert parking fund balance to road repair
Challenge Youth Commission to be self-sufficient
Flow net parking funds to Downtown Vitality
Impose cost recovery to Rec programs for admin costs
Impose cost recovery to Rec programs for utilities
Move city offices to old Library site
Eliminate Holiday Party
Eliminate Arts Grant
Close City Offices between Xmas and NY
Reclassify Youth Diversion Officer as non-sworn
$50,000
$1M
$4M

City of Lafayette Staff Report

For: City Council

By: Tony Coe, Engineering Services Manager

Date Written: May 11, 2009

Meeting Date: May 26, 2009

Subject: Review of Draft 2010 Capital Improvement Program (CIP)

Introduction

To prepare for the City Council's deliberation of the municipal budget for the coming fiscal year, staff has updated our forecasts for revenues and expenditures related to capital improvements. Staff's working basis is the multi-year plan that the City Council approved in May 2008. This staff report will present details of our updated proposals for the 2010 CIP.

Revenue Updates

Several assumptions were made in forecasting revenue and expenditure figures when the CIP was updated last spring. The City Council may wish to review the 16-May-2008 staff report as background to the update discussions in this report. On the revenue side, there have been developments over the past year that materially affect the funding available for projects in 2010. They are:

1. Construction Bid Savings- As expected the current economic recession has created a highly competitive construction bidding environment, resulting in substantially lower bid prices compared to cost estimates. Based on bids received, staff is projecting construction cost savings totaling around $420,000 from the 2009 CIP. Staff is recommending that this amount be carried forward to FY 2010 to fund local road and drain repairs.

2. Availability of Additional Proposition 1B Funds- Around November 2008 the State indicated that it may allocate additional Prop 1B funds to local agencies on a first-come/first-serve basis. Lafayette submitted an application for its share of $342,000, but as of the writing of this staff report, it remains unclear when Lafayette will receive its allocation. The proposed CIP optimistically assumes that this money will be released in time for construction expenditures in summer 2010.

3. Reallocation of Capital Improvement Fund Balance- Lafayette is slated to receive roughly $720,000 in federal stimulus money for resurfacing arterial and collector roads. This allows discretionary funds that were previously targeting arterial and collector maintenance to be reallocated. Additionally, there was some "double counting" of restricted fund balance in

4. the Capital Improvement Fund in the amount of $408,000 that now could be allocated to new projects.

   The pavement maintenance program in 2010 includes a cape seal project on Moraga Road from Rimrock Road to the city limit. Staff recommends that this project be accelerated to be combined with the cape seal program for the current year, and allocating $150,000 from the fund balance to pay for this project. The remaining $978,000 in the fund balance ($720,000 + 408,000 – $150,000) would be allocated to FY 2010 projects.

5. Waste Management Mitigation Fee- This fee was recently authorized by the Joint Powers Authority based on a nexus study which analyzed structural impacts of collection vehicles on city streets, and Lafayette has begun collecting. Staff estimates that the fee will generate roughly $400,000 over the next fiscal year. While this is a General Fund revenue; given the fee nexus, these proceeds must be dedicated to fund road projects.

6. Deferral of RDA Debt Payments- Staff previously indicated that the RDA may be in position to begin repaying its debt to the General Fund after the completion of the Lafayette Library construction. Optimistically we assumed the first payment of about $1 million to occur in FY 2010. The recent and on-going turbulence in the financial markets negatively affected the proceeds from the RDA's bond issuance late last year. Coupled with the RDA's construction loan commitment to the Library Foundation, it is now unlikely that the repayment to the General Fund will occur as previously assumed. Staff now projects a potential $1 million transfer in 2012 at the earliest, with remaining payments deferred to at least 2015.

7. Deferral of Palos Colorados Mitigation Funds- Payment of this money is contingent on issuance of permits for construction. According to the settlement agreement, if payment is not made by April 2008, simple interest would accrue, but it is unclear whether interest is paid annually or in a lump sum. While there has been progress in the developer obtaining entitlement approval from the Town of Moraga, staff is uncertain that the developer would be obtaining permits for construction any time soon in the current economic environment. Additionally the City Council still needs to decide whether this money should be allocated to road and drain capital improvements. For planning purposes, staff assumes that the mitigation payment might be made in 2012, and we are showing accrued interest payments totaling $475,000 potentially to be spent in 2011.

8. Expected Decrease in Measure J Sales Tax- To date the return-to-source revenue has kept pace with the escalation of the City's cost to administer Measure J, and the available money to fund capital improvements has remained steady. The CCTA recently informed staff to expect a decrease in sales tax collection for the current and next two fiscal years. Staff believes that the impact to current-year projects could potentially be absorbed by unspent contingency funds. However, in planning for future years, the net result is a decrease of about $70,000 annually in 2010 and 2011, gradually recovering thereafter.

9. Gas Tax and General Fund- At this time staff is not projecting changes in the City's receipts in gas tax of about $400,000 annually. Staff is conservatively budgeting a $600,000 contribution from uncommitted General Fund starting in 2010 in anticipation of continuing decline in the General Fund reserve balance. The City Manager previously presented to the

City Council five-year financial models that forecast General Fund expenditures exceeding revenues within the next two to three years, largely driven by extraordinary increases in the cost to procure sheriff services. In fact, the General Fund Reserve is projected to fall below target in the not-too-distant future. This problem is now exacerbated by indications that the State may "borrow" property tax from cities. It should be noted however that the revised allocation coupled with the $400,000 in waste management mitigation fee (which is a General Fund revenue) maintains the total contribution from the General Fund at the historical $1 million range.

The funding discussed below involves non-discretionary sources, meaning that the money must be spent on certain projects or types of projects.

10. Programming of Parkland Dedication Fees- This fee is dedicated to complete projects in the Parks, Trails, and Recreation Master Plan. The PTR Director has submitted a separate staff report to discuss the PTR CIP in detail. The PTR CIP proposes to include $572,000 in projects in FY 2010 to be managed by engineering staff.

11. Programming of Street Light Replacement Reserve- The City Council previously approved a project to place overhead utility lines underground on Lafayette Circle. Staff previously anticipated a companion project to extend the downtown core streetlight concept along Mt. Diablo Boulevard onto Lafayette Circle after the utility poles are removed. This has turned out to be no longer viable or needed for a few reasons. First, redevelopment at La Fiesta Square and more recently Lafayette Mercantile at the two ends of Lafayette Circle have already installed the appropriate level of street lighting in the commercial portion of the street. There are at least three adjacent sections of the street that will be subject to future redevelopment. New streetlights would be better integrated into those redevelopment projects at the time they occur. Further away from Mt. Diablo Boulevard, a significant portion of Lafayette Circle near Hough Avenue is residential in character and currently does not have formal street lighting. This area is currently functioning with low-level lighting from adjacent parking lots and commercial buildings. Staff is concerned that adding streetlight concepts intended for the downtown core will not be compatible with the character of the area.

    Given the above, staff recommends allocating available money in the Streetlight Replacement Reserve to move up a similar streetscape project from 2011. The Downtown Street Improvements Master Plan identifies the block between Lafayette Circle East and West as part of the high-priority "Demonstration Block," with upgrades of brick paver sidewalks, new streetlights and street furniture. The north side was completed in 2003, and staff now proposes the south side to be completed as part of the 2010 CIP. The reserve is expected to have a balance of $350,000 in FY 2010 to fund this project.

12. TDA grant- Lafayette received a small grant from the Transportation Development Act to install and improve signage and striping for the City's bicycle transportation facilities as identified in the Bikeways Master Plan.

Aggregating all of the above, staff projects roughly $3.4 million to be available for discretionary capital projects in 2010. Non-discretionary sources add another $1 million, bringing the total CIP funding for the year to $4.4 million. Table 1 summarizes the revenue figures discussed above.

Revised 14-May-09

Table 1
Capital Funding Projections
2010 - 2014

Funding Source	2010	2011	2012	2013	2014
Discretionary Funds:					
General Fund Allocation	600,000	600,000	600,000	600,000	600,000
Waste Management Mitigation Fee	400,000	400,000	400,000	400,000	400,000
Gas Tax	400,000	400,000	400,000	400,000	400,000
Measure J Sales Tax	230,000	230,000	260,000	280,000	300,000
Proposition 1B (2nd Allocation)	342,000				
Reallocated Fund Balance	978,000				
Prior-Year Bid Savings	420,000				
RDA Debt Repayment			1,000,000		
Palos Colorados Mitigation		475,000	2,250,000		
Subtotals	*3,370,000*	*2,105,000*	*4,910,000*	*1,680,000*	*1,700,000*
*Non-Discretionary Funds**:*					
Parkland Dedication Fees	572,000				
TDA Grant	46,000				
Core Area Streetlight Reserve	350,000				
Subtotals	*968,000*				
Grand Totals	**4,338,000**	**2,105,000**	**4,910,000**	**1,680,000**	**1,700,000**

** Funding is committed to specific projects.

Proposed Expenditures

The CIP adopted in May 2008 by the City Council included an expenditure plan covering the six years between 2009 and 2014. The projects reflected the City Council's desire to elevate our focus on rebuilding failed local roads, while recognizing the Capital Projects Assessment Committee's (CPAC) recommendations on the need for infrastructure maintenance citywide. Staff's proposal as summarized in Table 2 largely follows the plan adopted last year. The amount of money available at this time is somewhat less than what had been previously projected. As such, some projects on the list published in May 2008 will necessarily be deferred. The selection of streets to be included was done in consultation with CPAC and generally observes the prioritization of the 118 failed roads established two plus years ago.

The proposed program will spend $2.6 million on reconstruction of local roads and related infrastructure. Expenditures on maintenance-type treatments will be drastically reduced compared to years past, down to $333,000. (*This reflects the City Council's directive to staff to emphasize rebuilding failed roads over system maintenance in the immediate term. CPAC has made a point to remind the City Council that this can only be a very short-term strategy, and it would be untenable to continue repairing failed roads at the expense of building up an escalating maintenance backlog.*)

See Table 2 for a summary listing of proposed projects in the CIP. Maps 1 and 2 depict project locations.

Road Repair Backlog

The proposed CIP for 2010 would reconstruct eight additional failed roads from the original list of 118 (See Table 3). There would remain 98 failed roads in Lafayette at a replacement cost of $13.5 million in today's dollars. Since staff's May 2008 report to the City Council, there has been no substantive change in the long-range funding for capital improvements. Correspondingly the backlog picture remains essentially unchanged. The City Council has previously considered various options to address this backlog, all of which require a revenue source that could consistently fund the CIP at the $3.5 million to $5 million level over the next six to ten years.

Board Reviews

The proposed CIP was circulated for review by the following city boards:

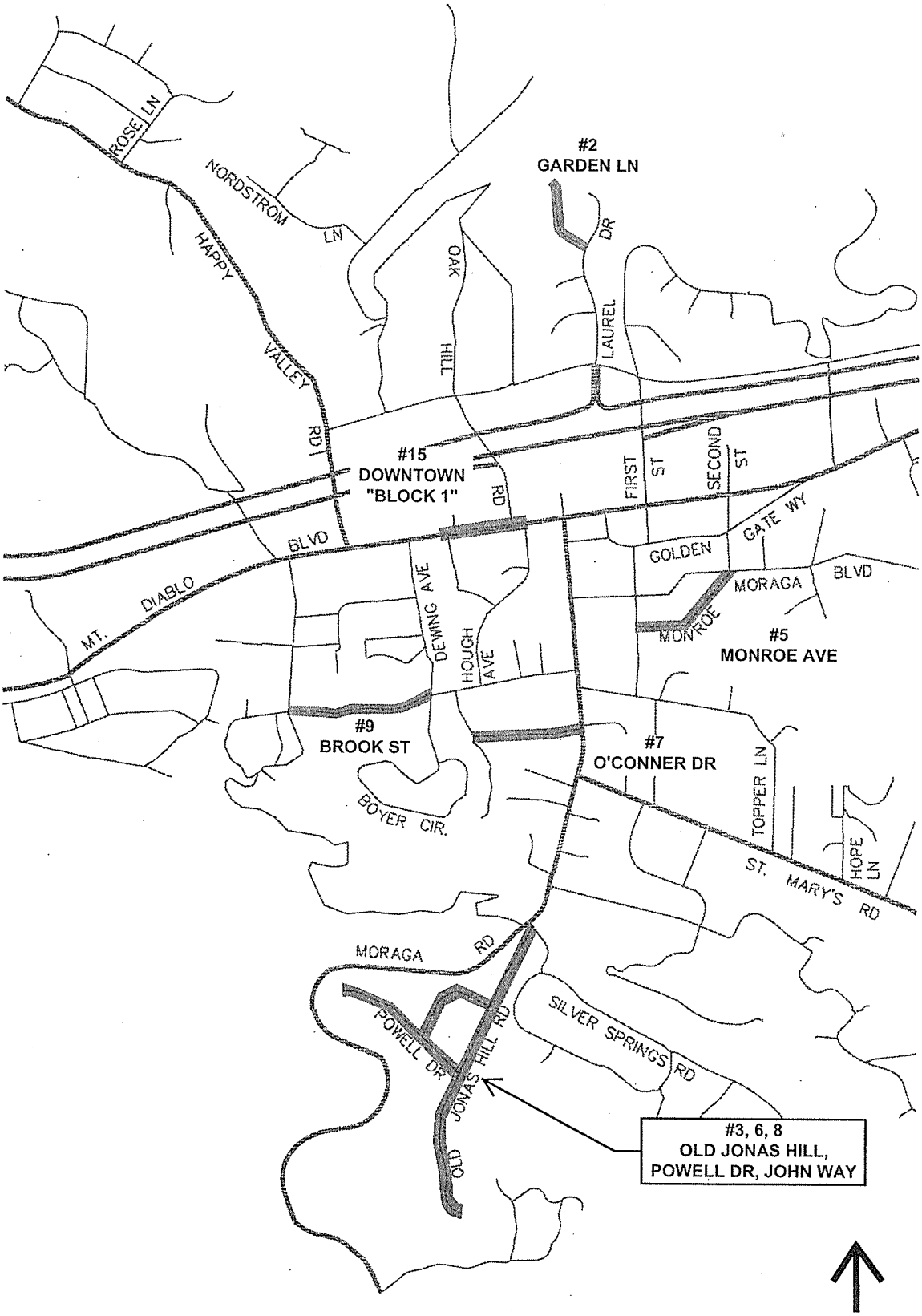
- Capital Projects Assessment Committee (CPAC)- Two meetings in February and April, with members of Road Funding Task Force in attendance.
- Circulation Commission with BPAC- May 4
- Planning Commission- Scheduled for May 21

The various boards generally supported the staff recommendations to the City Council. (At the writing of this report, the Planning Commission is scheduled to consider a finding of consistency with the General Plan at its meeting on May 21.) CPAC urges the City Council to maintain the historical contribution level from the General Fund, and to consider the Waste Management Mitigation Fee as an addition to that funding.

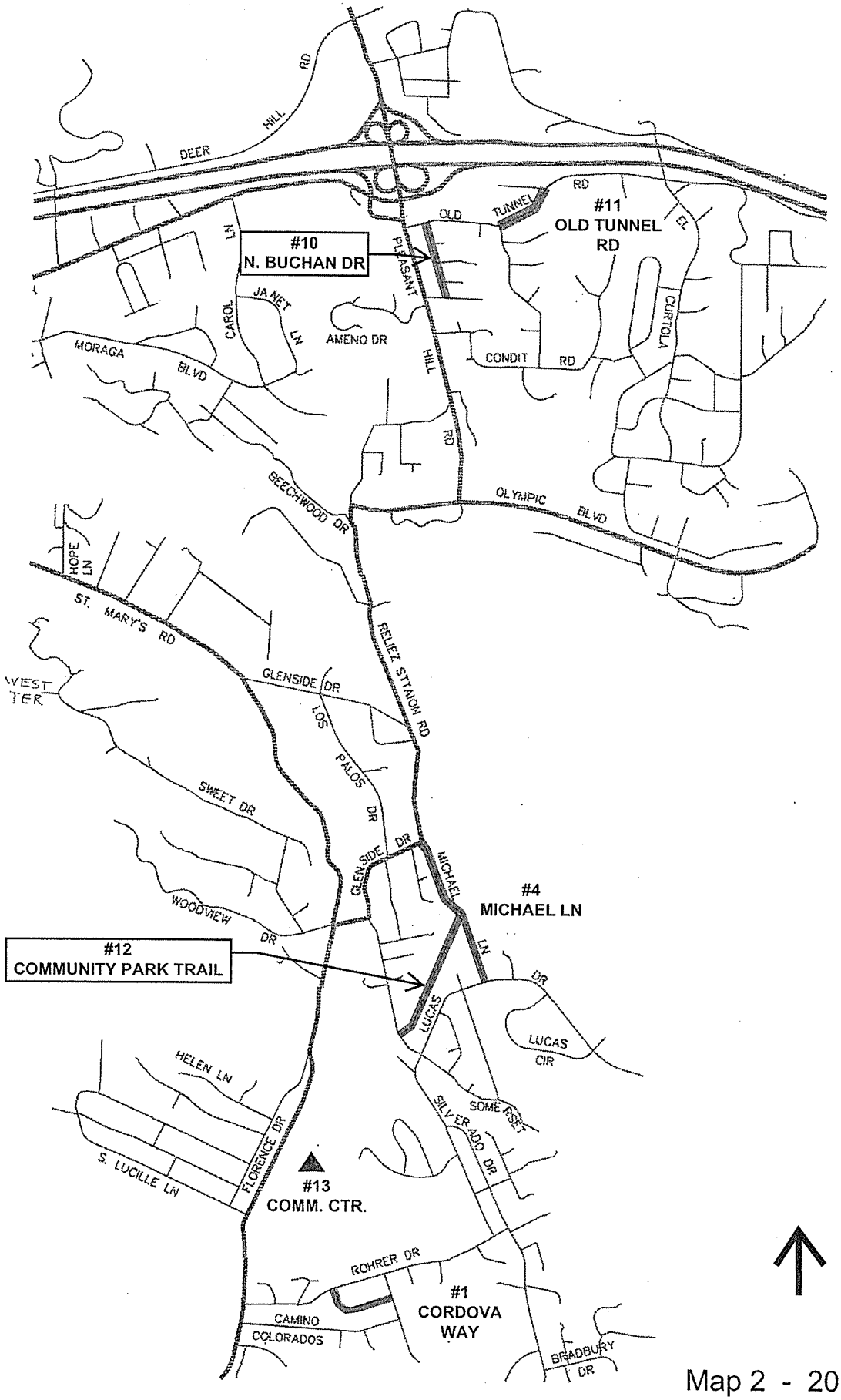
Table 2
CAPITAL IMPROVEMENT PROGRAM
2010

Revised 14-May-09

No.	Street Name	Begin Location	End Location	Cost
LOCAL ROAD RECONSTRUCTION:				
1	CORDOVA WAY	ROHRER DR	CASTELLO RD	$ 176,000
2	GARDEN LN	LAUREL LN	END (N)	$ 125,000
3	JOHN WY	POWELL DR	OLD JONAS HILL	$ 126,000
4	MICHAEL LN	LUCAS DR	GLENSIDE DR	$ 399,000
	MICHAEL LN- Restore and stabilize 700 LF of roadside drainage channel			$ 172,000
5	MONROE AV	FIRST	MORAGA BL	$ 264,000
	MONROE AV- Rebuild existing failed curb/gutter and sidewalk			$ 126,000
6	OLD JONAS HILL RD	MORAGA RD	END (S)	$ 520,000
	OLD JONAS HILL RD- Install new street drainage system in conjunction with road reconstruction			$ 245,000
7	O'CONNER DR	MORAGA RD	OAK ST	$ 256,000
8	POWELL DR	JOHN WY	END (W)	$ 109,000
	SUBTOTAL			$ 2,518,000
PAVEMENT MAINTENANCE:				
9	BROOK ST (Overlay)	MTN VIEW DR	HOUGH AV	$ 159,000
10	N. BUCHAN DR (Overlay)	OLD TUNNEL RD	STANWOOD DR	$ 108,000
11	OLD TUNNEL RD (Overlay)	WINDSOR DR	LINDA VISTA LN	$ 66,000
	SUBTOTAL			$ 333,000
OTHER IMPROVEMENTS:				
12	COMMUNITY PARK TRAIL (Design work for trail on Murray Lane and bridge crossing at Grizzly Creek)			$ 47,000
13	COMMUNITY CENTER REFURBISHMENT (Refurbish Manzanita and Friends of Library Bookroom for recreational program use)			$ 525,000
14	BIKEWAYS MASTER PLAN (Implement high priority signage improvements identified by the Plan)			$ 46,000
15	DOWNTOWN STREET IMPROVEMENTS MASTER PLAN, BLOCK 1 (Implement new sidewalk and lighting on south side of Mt. Diablo Blvd. between Lafayette Circle East and West)			$ 350,000
	SUBTOTAL			$ 968,000
OVERHEAD				$ 519,000
TOTAL PROGRAM				**$ 4,338,000**



Map 1 - 2010 CIP
Proposed Project Locations



Map 2 - 2010 CIP
Proposed Project Locations

TABLE 3
Local Roads Requiring Reconstruction

**Completed or funded projects are shown in strike-out.*

No.	Street Name	Begin Location	End Location	Zone	Safety	No. of Users	Maint. Demand	Rideability	Priority Score	Year Completed or Funded
			Weight Factor		x1.2	x1.15	x1.1	x1		
			Maximum Score		3	3	3	3	13.5	
1	~~CANYON RD~~	~~ESTATES DR~~	~~END (W)~~	B	3	2	3	3	12.2	2008
2	~~ESTATES DR~~	~~LOS ARABIS~~	~~CANYON RD~~	B	3	2	3	3	12.2	2008
3	~~RANCHO VIEW DR~~	~~PLEASANT HILL~~	~~END (N)~~	G	2	2	3	3	11.0	2009
4	~~OLD JONAS HILL RD~~	~~MORAGA RD~~	~~END (S)~~	D	2	2	3	2	10.0	2010
5	~~RELIEZ STATION RD~~	~~OLYMPIC~~	~~PLEASANT HILL RD~~	F	2	2	3	2	10.0	2009
6	~~HASTINGS CT~~	~~END (E)~~	~~END (W)~~	C	2	1	3	3	9.9	2009
7	~~CAMINO COLORADOS~~	~~ST MARY'S~~	~~CASTELLO RD~~	E	1	2	3	3	9.8	2009
8	~~WALNUT LN~~	~~SWEET DR~~	~~END (W)~~	E	1	2	3	3	9.8	2009
9	~~MICHAEL LN~~	~~LUCAS~~	~~GLENSIDE DR~~	E	1	3	2	2	8.9	2010
10	~~MONROE AV~~	~~FIRST~~	~~MORAGA BL~~	D	1	3	1	3	8.8	2010
11	VIA ROBLE	VIA BAJA	QUAIL RIDGE	C	1	3	2	1	7.9	
12	~~GARDEN LN~~	~~LAUREL~~	~~END (N)~~	C	1	1	3	2	7.7	2010
13	~~O'CONNER DR~~	~~MORAGA RD~~	~~707' E/O OAK~~	D	1	2	2	2	7.7	2010
14	~~VICTORIA AV~~	~~MORAGA BL~~	~~MORAGA BL~~	D	1	2	2	2	7.7	2009
15	LINCOLNSHIRE	EL CURTOLA	END (E)	F	1	1	3	2	7.7	
16	RUTH CT	EL CURTOLA BL	END (W)	F	1	1	3	2	7.7	
17	WESTMINSTER PL	EL CURTOLA	END (W)	F	1	1	3	2	7.7	
18	IVANHOE AV	RELIEZ VALLEY RD	END (S)	G	1	2	2	2	7.7	
19	PLYMOUTH RD	QUANDT	END (E)	G	1	1	3	2	7.7	
20	~~CORDOVA WY~~	~~ROHRER~~	~~CASTELLO RD~~	E	1	2	1	3	7.6	2010
21	LUCAS DR	SOMERSET	END	E	1	3	1	1	6.8	
22	SANDALWOOD CT	MERRIWOOD DR	END (W)	E	1	3	1	1	6.8	
23	SOMERSET DR	HUNTLEIGH	LUCAS DR	E	1	3	1	1	6.8	
24	SWEETBRIER CR	SANDALWOOD CT	SANDALWOOD CT	E	1	3	1	1	6.8	
25	VALENTE DR	ACALANES	MARIO WY	A	1	2	2	1	6.7	
26	BLACK HAWK RD	SPRINGHILL	EAGLE POINT RD	G	1	2	2	1	6.7	
27	WHITE OAK DR	CREST RD	END (W)	A	1	2	1	2	6.6	
28	LEROY WY	PEARDALE (S)	PEARDALE (N) DR	B	1	1	2	2	6.6	
29	HERMAN DR	MORAGA RD	END (W)	D	1	1	2	2	6.6	
30	~~JOHN WY~~	~~POWELL~~	~~OLD JONAS HILL RI~~	D	1	1	2	2	6.6	2010
31	OLIVER CT	MORAGA	END (E)	D	1	1	2	2	6.6	
32	MANZANA PL	OLD TUNNEL RD	END (S)	F	1	1	2	2	6.6	
33	MARYOLA CT	WINDSOR	END (E)	F	1	1	2	2	6.6	
34	CREST RD	MIDDLE RD	END (W)	A	1	2	1	1	5.6	
35	NORDSTROM LN	HILLTOP	GLEN RD	C	1	2	1	1	5.6	
36	PALO ALTO DR	TOLEDO	HAPPY VALLEY RD	C	1	2	1	1	5.6	
37	CHESTNUT ST	WALNUT	DEWING AV	D	1	2	1	1	5.6	
38	LITTLE LN	FOYE DR	END (W)	D	1	1	2	1	5.6	
39	ROWE PL	MORAGA	END (E)	D	1	1	2	1	5.6	
40	SOLANA DR	SOLANA CT	HAMLIN RD	D	1	2	1	1	5.6	
41	WALNUT ST	CHESTNUT	DEWING AV	D	1	2	1	1	5.6	
42	AUGUSTINE LN	GLENSIDE	END (S)	E	1	1	2	1	5.6	
43	LOS PALOS DR	SHARON	GLENSIDE DR	E	1	1	2	1	5.6	
44	SILVERADO DR	BRADBURY DR	END (S)	E	1	2	1	1	5.6	
45	WOODVIEW DR	SWEET DR	WOODVIEW CT	E	1	2	1	1	5.6	
46	MARS CT	WINDSOR	END (E)	F	1	1	2	1	5.6	
47	BLACK HAWK CT	BLACK HAWK	END (N)	G	1	1	2	1	5.6	
48	CANDY CT	QUANDT	END (N)	G	1	1	2	1	5.6	
49	SOLANA CT	SOLANA DR	END (E)	D	1	1	1	2	5.5	
50	READ DR	ROHRER DR	END	E	1	1	1	2	5.5	
51	CORALEE LN	ACALANES RD	END (W)	A	1	1	1	1	4.5	
52	FIORA PL	ACALANES RD	END (W)	A	1	1	1	1	4.5	
53	MARIO WY	VALENTE	END (E)	A	1	1	1	1	4.5	

TABLE 3
Local Roads Requiring Reconstruction

**Completed or funded projects are shown in strike-out.*

No.	Street Name	Begin Location	End Location	Zone	Safety	No. of Users	Maint. Demand	Rideability	Priority Score	Year Completed or Funded
			Weight Factor		x1.2	x1.15	x1.1	x1		
			Maximum Score		3	3	3	3	13.5	
54	WOODSIDE CT	GLORIETTA	END (E)	A	1	1	1	1	4.5	
55	LOS ARABIS DR	CAMELIA	ESTATES DR	B	1	1	1	1	4.5	
56	MARGUERITE CT	PEARDALE (N)	END (E)	B	1	1	1	1	4.5	
57	PINE LN	EL NIDO RANCH	TIMOTHY, LN	B	1	1	1	1	4.5	
58	SUNNYBROOK DR	EL NIDO RANCH	END (N)	B	1	1	1	1	4.5	
59	VALLECITO CT	CAMINO VALLECITO	END (W)	B	1	1	1	1	4.5	
60	CAMBRIDGE DR	END (E)	END (W)	C	1	1	1	1	4.5	
61	HAPPY VALLEY CT	HAPPY VALLEY RD	END (W)	C	1	1	1	1	4.5	
62	HIDALGO CT	SIERRA VISTA WY	END (S)	C	1	1	1	1	4.5	
63	HILLTOP DR	NORDSTROM	HASTINGS CT	C	1	1	1	1	4.5	
64	PANORAMA DR	PV CHG (110' N/O HAF	END (N)	C	1	1	1	1	4.5	
65	VIA BAJA	VIA ROBLE	VIA ROBLE	C	1	1	1	1	4.5	
66	VIA MEDIA	VIA ALTA	END (S)	C	1	1	1	1	4.5	
67	ANITA CT	JANET	END (E)	D	1	1	1	1	4.5	
68	AVA CT	HOPE LN	END (W)	D	1	1	1	1	4.5	
69	BROOKDALE CT	HOPE	END (N	D	1	1	1	1	4.5	
70	CARLYLE TERRACE	SWEET	END (E)	D	1	1	1	1	4.5	
71	CRESCENT DR	MTN VIEW	MOON CT	D	1	1	1	1	4.5	
72	EAST TERRACE	SWEET	END (E)	D	1	1	1	1	4.5	
73	FOYE DR	MORAGA BL	END (S)	D	1	1	1	1	4.5	
74	GRONDINE RD	SILVER SPRINGS SO	END (S)	D	1	1	1	1	4.5	
75	HIGHLAND CT	HIGHLAND	END (E)	D	1	1	1	1	4.5	
76	LAS HUERTAS RD	OLD MILLSTONE	END (N)	D	1	1	1	1	4.5	
77	MC ELLEN CT	HOPE	END (N)	D	1	1	1	1	4.5	
78	MC ELLEN WY	HOPE	END (E)	D	1	1	1	1	4.5	
79	MOON CT	CRESCENT DR	END (S)	D	1	1	1	1	4.5	
80	MOSSWOOD DR	VILLAGE CENTER	END (W)	D	1	1	1	1	4.5	
81	OAK CT	SWEET	END (N)	D	1	1	1	1	4.5	
82	OLD MILLSTONE LN	LAS HUERTAS RD	END (W)	D	1	1	1	1	4.5	
83	~~POWELL DR~~	~~JOHN WY~~	~~END (W)~~	D	1	1	1	1	4.5	2010
84	THIRD ST	MORAGA	END (N)	D	1	1	1	1	4.5	
85	~~VICTORIA CT~~	~~VICTORIA~~	~~END (N)~~	D	1	1	1	1	4.5	2009
86	ANTONIO CT	LUCAS	END (N)	E	1	1	1	1	4.5	
87	CROFTON CT	LANCASTER DR	END (W)	E	1	1	1	1	4.5	
88	~~EVELYN CT~~	~~WALNUT LN~~	~~END (S)~~	E	1	1	1	1	4.5	2009
89	GLENSIDE CR	GLENSIDE	GLENSIDE DR	E	1	1	1	1	4.5	
90	GOLD CT	BURTON	END (W)	E	1	1	1	1	4.5	
91	GREEN ACRES CT	MC BRIDE	END (E)	E	1	1	1	1	4.5	
92	HARTWOOD CT	SILVERADO	END (E)	E	1	1	1	1	4.5	
93	~~HERMOSA CT~~	~~CAMINO COLORADOS~~	~~END (S)~~	E	1	1	1	1	4.5	2009
94	JENNIE CT	SWEET	END (E)	E	1	1	1	1	4.5	
95	KINGSLEY PL	SOMERSET	END (N)	E	1	1	1	1	4.5	
96	LANCASTER DR	SOMERSET	LUCAS DR	E	1	1	1	1	4.5	
97	LOS PALOS CR	LOS PALOS	END (E)	E	1	1	1	1	4.5	
98	MARSHA PL	SILVERADO DR	END (W)	E	1	1	1	1	4.5	
99	MC BRIDE DR	END (N)	END (S)	E	1	1	1	1	4.5	
100	ROHRER DR	SILVERADO	DEAD HORSE CAN	E	1	1	1	1	4.5	
101	RUPPEL PL	MC BRIDE	END (E)	E	1	1	1	1	4.5	
102	SHARON CT	BURTON	END	E	1	1	1	1	4.5	
103	SILVERADO (N) DR	ST MARY'S RD	END (W)	E	1	1	1	1	4.5	
104	SILVERADO CT	SILVERADO DR	END (S)	E	1	1	1	1	4.5	
105	~~SWEET CT~~	~~SWEET~~	~~END (E)~~	E	1	1	1	1	4.5	2008
106	WARWICK CT	ROHRER DR	END (S)	E	1	1	1	1	4.5	

TABLE 3
Local Roads Requiring Reconstruction

**Completed or funded projects are shown in strike-out.*

No.	Street Name	Begin Location	End Location	Zone	Safety	No. of Users	Maint. Demand	Rideability	Priority Score	Year Completed or Funded
			Weight Factor		x1.2	x1.15	x1.1	x1		
			Maximum Score		3	3	3	3	13.5	
107	WEST LOWELL LN	SILVERADO DR	END (W)	E	1	1	1	1	4.5	
108	BUCKEYE CT	WINDSOR DR	END (W)	F	1	1	1	1	4.5	
109	LINDA VISTA LN	OLD TUNNEL RD	END (W)	F	1	1	1	1	4.5	
110	BAROTT RD	STANLEY	END (N)	G	1	1	1	1	4.5	
111	CHATTON CT	N/O PLYMOUTH	END	G	1	1	1	1	4.5	
112	CLOVER CT	N/O STANLEY	END	G	1	1	1	1	4.5	
113	DEL ARROYO CT	QUANDT RD	END (S)	G	1	1	1	1	4.5	
114	EAGLE POINT RD	EAGLE POINT	BLACK HAWK RD	G	1	1	1	1	4.5	
115	MEADOWLARK CT	BLACK HAWK	END (E)	G	1	1	1	1	4.5	
116	QUANDT CT	QUANDT	END (N)	G	1	1	1	1	4.5	
117	ROSSI ST	RELIEZ VALLEY RD	END (W)	G	1	1	1	1	4.5	
118	WARNER CT	N/O STANLEY	END	G	1	1	1	1	4.5	

In the review process questions were raised as to whether staff would be able to execute additional projects if more money were to become available. As the revenue estimates got refined through the budget development process and in consultation with Council Liaisons to the Road Funding Task Force, staff has in fact added over $430;000 in local road repair projects to the slate endorsed by CPAC last month. As currently proposed, each of the three staff engineers would handle an average of $1.3 million in project load. This is consistent with what CPAC has traditionally recommended as the optimum level to produce quality and timely results that meet the community's high expectations. Further substantive increases in project load would require either adding staff or bringing on consultant resources, neither of which staff would recommend at this time. Beginning 2011, capital funding is projected to be substantially lower compared to historical levels, and the General Fund's ability to support capital needs remains at best questionable under current financial projections. Absent a significant change, engineering staff headcount may actually need to be reduced in the near future. If additional funding were to become available now, staff believes that the City's interest would be better served to allocate that money to the next year instead of temporarily spiking up staff resources for one construction season.

CEQA Exemption

Some projects in the 2010 CIP have had environmental review previously when they were adopted as part of an overall master plan. This is true of Projects No. 12 through 15 in Table 2. The remaining projects in the 2010 CIP qualifies for statutory exemptions under CEQA Sections 15301, 15302, and 15304. These projects involve mainly reconstruction of existing roads, drains, and related infrastructure in kind within the right-of-way, with no change in function or capacity, or material impacts to adjacent properties or natural resources. With the City Council's adoption of this finding, staff would file a Notice of Exemption for these projects.

Recommendation

1. Adopt proposed Capital Improvement Program for 2010 and allocate funding as recommended in the FY2009-2010 Municipal Budget.

2. Adopt CEQA Categorical Exemption for road and drain projects in the 2010 Capital Improvement Program.

City of Lafayette Memorandum

To: Steven Falk, City Manager

From: Ron Lefler, Public Works Services Manager

Date: May 14, 2009

Subject: 2009/2010 Budget, Contract Services Cost Reduction

As requested, I instructed our major contract service providers to review their rate schedules with the specific goal of reducing rates without reducing the scope and quality of work performance. I believe the contractors have a made a good faith effort and are willing to make some reductions, some with conditions and some without. The results are as follows:

Contractor	Average Reduction %	Estimated Expenditure 2008/2009	Estimated Reduction 2009/2010 Based on 2008/2009 Expenditure	Estimated Reduced Cost
MCE Corporation	9.2%	$ 668,350	$ 61,488	$ 606,862
Pacific General Engineering	7.5%	$ 151,000	$ 11,325	$ 139,675
Republic Electric	10.0%	$ 84,500	$ 8,450	$ 76,050
UBS (street sweeping)	6.0%	$ 65,500	$ 3,930	$ 61,570
East Bay Specialties	0.0%	$ 23,000	$ -	$ 23,000
Total	8.6%	$ 992,350	$ 85,193	$ 907,157

Notes:

1. Pacific General Engineering's (PGE) reduction conditioned on the same magnitude on work in 2009/010.
2. Republic Electric's reduction is based on verbal communication and will be subject to an extended contract period
3. UBS would like us to keep in mind that their rates haven't been increase in the past 4-years and if fuel prices increase during this budget year they would like to re-negotiate a reasonable cost adjustment.

4. East Bay Specialties' current charge out rate is about $60.00/hour this includes his utility truck. His rate is well below what the City would pay through MCE, PGE or another specialty contractor paying prevailing wages to an employee. Prevailing wage plus a reasonable markup, plus truck rental would be about $86.00/hour and would go up to $92.00 per hour on July 1, 2009. Don has agreed not increase his rates in 2009/2010.

The total savings in the 2009/2010 fiscal year would be $85,193 not including cost savings realized by not increasing rates by the average construction cost increase and a required increase in state prevailing wages of about 3 to 4 percent.

Copy: Tracy Robinson, Administrative Services Director
Ann Merideth, Community Development Director
Donna Feehan, Administrative Analyst

City of Lafayette Memo

For:	Ann Merideth
	Steven Falk
By:	Niroop K. Srivatsa
Date Written:	May 14, 2009
Subject:	**Planning division work plan, budget and forecast for the rest of the year**

Purpose

It has been four months since the 2009 planning division work plan was approved. As we prepare for the next fiscal budget, I would like to provide you with a forecast of development activities for the remainder of the year and a recommendation for adding additional tasks to this year's work plan

Planning Division

Staff has been diligently working on completing the approved long range tasks and processing development applications. Three of the long range tasks slated for completion this year – the downtown strategy, the housing element update and the climate action plan will generate a series of implementation programs that will have to be completed in 2010 and beyond. Included in these programs are significant amendments to the zoning ordinance and the Municipal Code.

On the current planning side, the downturn in the economy has slowed development activities. The number of development applications has gone down which has affected the division's revenues.

Since 2002, the planning division has been preparing an annual work plan - a report that provides information on the level of development activity in previous years, the amount and type of revenues collected and the status of long range planning tasks approved each year by the City Council. A review of current and previous work plans reveal the following:

Revenues and Expenditures

- Looking back
  The period of greatest development activity was between 2002 and 2007 during which planning revenues covered over 85% of the division's expenditures.

- *Looking ahead*
  Revenues are on the decline. To date in the current fiscal year, the division has received $607,903 in revenues which is 68% of the division's expenditures. I estimate that the total revenues for this fiscal year and the next will be in the $675,000 to $700,000 range and modest increases in the years after 2010.

Item 6B
1
Budget

- Looking back
  In the last six fiscal years, application fees equaled more than half the division's revenues. This is also true for the first ten months of this fiscal year.

- *Looking ahead*
  The total amount of fees collected has declined in FY08/09. Most impacted are the building permit surcharge fees. Unless people are able to secure loans to add to their homes or build new homes, I do not foresee an increase in these fees for the remainder of this fiscal year.

Revenues and Expenditures 2002-2009

FY	Revenues Received ($)	General Fund Expenditures ($)[1]	Revenues as % of Expenditures
2002-2003	671,883	820,689	83
2003-2004	830,332	830,872	99.9
2004-2005	745,912	866,436	86
2005-2006	857,545	938,506	93
2006-2007	944,283	966,351	97
2007-2008	853,017	1,010,938	84
2008-2009 (July-April)	607,903	891,354	68

Planning Revenues by Type 2002- 2009

FY	Total Revenues ($)	Building Surcharge ($)	Application Fees ($)	Regional Traffic Fee ($)
2002-2003	671,883	346,727 (52%)	202,354 (30%)	122,802 (18%)
2003-2004	830,332	284,775 (34%)	430,496 (52%)	115,061 (14%)
2004-2005	745,912	274,215 (37%)	421,441 (56%)	50,256 (7%)
2005-2006	857,545	317,979 (37%)	440,262 (50%)	112,901 (13%)
2006-2007	944,283	344,831 (37%)	541,039 (57%)	58,413 (6%)
2007-2008	853,017	340,813 (40%)	476,271 (56%)	35,933 (4%)
2008-2009 (Jul-April)	607,903	218,124 (36%)	342,608 (56%)	47,171 (8%)

[1] Includes the planning division, Planning Commission and Design Review Commission budgets. Does not include the code enforcement budget which is fully covered by the Parking and Code Enforcement enterprise fund.

Development Applications

- Looking back
  An average of 240 applications were processed each year between 2002 and 2008.

- *Looking ahead*
  The pace of development activity has slowed down. I estimate that the division will process between 150 and 175 applications this year.

- Looking back
  During the building boom years, each planner was processing 40 development applications a year. This is in addition to assisting the public at the counter, monitoring, inspecting and closing out approximately 15 to 20 projects from previous years, and managing long range tasks. A review of time sheets from 2005 to the present reveals that planners were working an average of 44 to 46 hours a week.

- *Looking ahead*
  Planners will be responsible for processing around 25 applications this year which is a more manageable number. The planners have also taken on a greater number of long range tasks. A review of recent time sheets reveals that the planners are working an average of 42 hours a week.

- Looking back
  In the last few fiscal years, the division has retained consulting planners to help process the development applications. The planning budgets have allocated $30,000 annually for this purpose.

- *Looking ahead*
  Planning staff will be able to handle the pace of development activity in house and will not need the services of consulting planners or the allocation of funds to pay for their services.

Long Range Planning

- Looking back
  In the last few years, the division has been unable to complete many of the approved long range tasks because of the significant increase in the number of development applications. Studies such as the inclusionary housing ordinance, the house size ordinance and the CEQA guidelines were carried over from year to year without being completed.

- *Looking ahead*
  As the attached status report indicates, staff has made significant progress towards completing the tasks approved in this year's work plan.

Analysis

The economic downturn has raised questions about staffing levels in the planning division. There are some who believe that the City does not need the number of planners that it currently employs and one

or more planning positions should be eliminated. I believe that we need the planners that we have for the following reasons:

1. The number of staff hours required to complete the long range planning tasks in the approved list of January 2009 is estimated at 1,670 hours, which translates to a cost of $292,250[1]. The number of staff hours devoted to the planning counter and planning calls is estimated at 2,080 hours (5 hours of counter and 3 hours of calls per day) which translates to a cost of $364,000. Therefore, the cost of maintaining the current level of customer service and completing the proposed list of tasks is $656,250 or 55% of the planning budget.

2. If the City were to adopt additional regulations, the number of development applications could potentially increase. As an example, if the house size ordinance is adopted, some over-the-counter (OTC) projects will require City review and will become discretionary applications. Additionally, staff will have to devote more time to these applications to gather data such as the neighborhood average floor area for applicants and potential applicants.

3. We have an excellent staff that is well trained, efficient and keyed to Lafayette's sensitivities. Finding replacements for them when the economy picks up will be difficult. During the last seven years of above-average development activity, each planner was taking on more than a normal work load resulting in longer hours at work.

4. We have an opportunity to complete the backlog of long range projects that the community has requested. I have reviewed the work plan and believe that staff can begin the following new tasks this year in order to get a head start on implementing the Downtown Strategy, the housing element and the Climate Action Plan.

    - Downtown Strategy

        1. Prepare work plan and schedule for 2009 and 2010 (new)
        2. Develop list of implementation programs (new)
        3. Initiate sign ordinance update (new)
        4. Initiate study on uses and land use districts (new)

    - Housing Element Implementation Programs

        1. Inclusionary housing ordinance and in lieu fees (underway)
        2. Senior housing overlay (underway)
        3. House size ordinance (underway)
        4. Complete an inventory of residential units that have been converted to non residential uses (new)

[1] Using the hourly rate established in the budget of $175/hour

5. Complete an inventory of vacant and underdeveloped land within City limits and in the SOI (new)

- ❖ Climate Change

    1. Initiate amendment of the General Plan to add new policies and programs (new)
    2. Begin ongoing monitoring of in-house and community activities to meet climate change targets (new)
    3. Initiate compliance with regulations resulting from AB 32 and SB 375 (new)

- ❖ Complete ABAG's Multi jurisdictional Hazard Mitigation Plan (new)

Please let me know if you have any questions about this report. If you agree that we should add more tasks to this year's work plan, I will submit an updated work plan to the City Council for approval.

Attachment
Status report on long range tasks

1. Lafayette Downtown Strategy and Specific Plan

2009 Schedule*

Ann Merideth, Community Development Director

Task / Milestone	2009 JAN	2009 FEB	2009 MAR	2009 APR	2009 MAY	2009 JUN	2009 JUL	2009 AUG	2009 SEP	2009 OCT	2009 NOV	2009 DEC
Public review of Draft Plan begins (1/26/2009)	■	■	■	■								
Advisory Committee meeting (1/31/2009)	■											
Review by commissions and committees		■	■									
Advisory Committee meeting (2/21/2009)		■										
Community Workshop (2/25/2009)		■										
Advisory Committee meetings (3/17 and 4/1/2009)			■									
Joint meeting with City Council and WRT (4/13/09)				■								
City Council meeting (5/9/09)												
Environmental review												
Public hearings on EIR, Final Plan												
Certification of EIR and adoption of Final Plan (11/23/2009)												

** Schedule as adopted by the City Council – 2009-02-09 • Rev. by City Council - 2009-03-23*

The "Lafayette Downtown Strategy and Specific Plan" is an ambitious Plan that seeks to develop a framework, design guidance and deliberate actions to promote the community's 20-year vision for Downtown Lafayette. This vision was developed through community surveys, meetings with a Citizens Advisory Committee and several public workshops. Please visit www.lovelafayette.org for more information.

Task Pending Task Completed

2. Housing Element Update

2009 Schedule

Niroop K. Srivatsa, Planning & Building Services Manager

Task / Milestone	2009 JAN	2009 FEB	2009 MAR	2009 APR	2009 MAY	2009 JUN	2009 JUL	2009 AUG	2009 SEP	2009 OCT	2009 NOV	2009 DEC
Finalize remaining sections (note: the housing inventory, demographic data analysis, review of previous element, etc. were completed in 2008)												
Public participation (Planning Commission study session January 22)												
Planning Commission & City Council preliminary public hearings (February 19 and March 9)												
Revisions prior to submission of admin draft to HCD												
HCD Review of Draft Element (underway)												
Complete environmental review												
City Council & Planning Com. public hearings & adoption (tentative dates ~~April 16, April 27 and May 11~~ May 21, June 4, June 22)												
HCD required post adoption review for certification												
Completion of implementation programs (July 2009-June 2014)												

Rev. 2009-05

Amendments to the Housing Chapter of the Lafayette General Plan (Housing Element) to accommodate the regional housing needs allocation established by the State Department of Housing and Community Development. Key changes include revisions to the goals, policies and implementation programs, the inventory of housing sites, and background data.

Task Pending Task Completed

4. House Size Study Committee (HSSC)

2009 Schedule

Greg Wolff, Senior Planner

Task / Milestone	2009 JAN	2009 FEB	2009 MAR	2009 APR	2009 MAY	2009 JUN	2009 JUL	2009 AUG	2009 SEP	2009 OCT	2009 NOV	2009 DEC
Status update to PC (1/22/2009)												
Status update to DRC (1/27/2009)												
Mtg. w/ Laf. Homeowners Council (1/21/2009)												
~~Mtg. w/ Acalanes Valley HOA (__/__/2009)~~												
Mtg. w/ BurtonValley.com (3/11/2009)												
Mtg. w/ Springhill Valley HOA (3/12/2009)												
Finalize Study and prepare report to Commissions & Council												
Public Hearings - DRC (1) ~~4/7~~ 4/21 - DRC (2) (new) 5/12 - PC (1) ~~4/16~~ 5/21 - PC (2) ~~5/7~~ 6/4 - PC (3) (new) 6/18 - CC (1) ~~5/11~~ 6/22 - CC (2) ~~5/26~~ 7/13 - CC (3) ~~6/8~~ 7/27 - CC (4) ~~6/22~~ 8/10												

Rev. 2009-05

The City Council appointed an ad hoc subcommittee to study the issue of house size in Lafayette. The issue of house size has been raised at numerous public meetings, prior work plan meetings, and during consideration of updates to the Hillside Ordinance. The House Size Study Committee will complete its study of the issues involved with house size, and make a recommendation to the Planning Commission and City Council on ways to address those issues.

Task Pending Task Completed

5. Inclusionary Housing Ordinance

2009 Schedule

Lindy Coburn, Associate Planner

Task / Milestone	2009 JAN	2009 FEB	2009 MAR	2009 APR	2009 MAY	2009 JUN	2009 JUL	2009 AUG	2009 SEP	2009 OCT	2009 NOV	2009 DEC
Tasks to consultants. Prepare responses to outstanding issues (January 23 – February 23)												
Council meeting to obtain direction on 2 key components (March 9, 2009 & April 23, 2009)												
Prepare environmental documents; begin drafting ordinance (March 23 – May 21)												
Planning Commission hearing – first review of draft ordinance & environmental documentation (June 4, 2009)												
Planning Commission hearing – second review of draft ord. & environmental documentation (July 2, 2009)												
City Council meeting – first review of draft ordinance & environmental documentation (July 27, 2009)												
City Council meeting – second review and adoption of Inclusionary Housing Ordinance (only one meeting in August) (August 10, 2009)												

Rev. 2009-05

Inclusionary Housing Programs require that a given share of new construction be affordable to people with low to moderate incomes. The City Council directed staff to prepare an inclusionary housing ordinance in accordance with the General Plan.

Task Pending Task Completed

6. Eastern Deer Hill Road General Plan Amendment – GP02-08/RZ02-08

2009 Schedule

Christine Sinnette, Senior Planner

Task / Milestone	2009 JAN	2009 FEB	2009 MAR	2009 APR	2009 MAY	2009 JUN	2009 JUL	2009 AUG	2009 SEP	2009 OCT	2009 NOV	2009 DEC
Meet with AMD Trust, owner of parcels 27 & 28	■											
Take parcels 27 & 28 to City Council for direction on potential GP & RZ designations (3/23) *			■									
Conduct public hearing June 8 as continued by City Council. Staff prepares project description and RFP for environmental consultant												
Contract with consultant to prepare environmental documents. Approved budget $25,000												
Environmental documents complete. GP/RZ to Planning Commission (9/3)												
GP/RZ to City Council (11/23)												

Rev. 2009-05

At City Council's direction, prepare and adopt revised General Plan and zoning designations for seven properties in the Eastern Deer Road area.

* City Council directed staff to continued action on this task to their meeting of June 8 to allow property owner to provide development scheme and/or development agreement.

Task Pending ■ Task Completed

7. Preparation of CEQA Guidelines

2009 Schedule

Christine Sinnette, Senior Planner • Sarah Allen, Planning Intern

Task / Milestones	2009 JAN	2009 FEB	2009 MAR	2009 APR	2009 MAY	2009 JUN	2009 JUL	2009 AUG	2009 SEP	2009 OCT	2009 NOV	2009 DEC
Research other jurisdictions that have created local guidelines. Obtain copies of their adopted guidelines and thresholds of significance.												
Review existing documents (General Plan & Zoning) that have thresholds that can be used for local guidelines. Revise Environmental Checklist to be specific for Lafayette including new or revised thresholds.												
Draft local guidelines/thresholds of significance using existing documentation like Design Review Guidelines, General Plan, Growth Management chapter, Lamorinda Action Plan, and the Zoning Code.												
Work session with City staff.												
City Attorney review of guidelines.												
Public Review. Publish legal ad and notify Lafayette Homeowners Council and Chamber of Commerce 30 days prior to meeting.												
Take draft guidelines through public review process including Circulation Commission (8/17), PTR Commission (8/12), and Planning Commission (9/17).												
Guidelines to City Council (10/26)												
Final reading and adoption (11/9)												

Rev. 2009-05

Prepare and adopt City of Lafayette CEQA Guidelines including local thresholds of significance.

Task Pending Task Completed

8. Senior Housing Ordinance (SHO)

2009 Schedule

Glenda Warmoth, Assistant Planner

Task / Milestone	2009 JAN	2009 FEB	2009 MAR	2009 APR	2009 MAY	2009 JUN	2009 JUL	2009 AUG	2009 SEP	2009 OCT	2009 NOV	2009 DEC
Draft language. Staff and consultant review.												
Review Draft language with Council Sub Committee												
Make application for General Plan & Zoning Text Amendment												
Determine CEQA requirements. Prepare CEQA document.												
Planning Commission Review (~~April 16~~, June 18, 2009)												
Planning Commission Review (~~May 7~~, July 16, 2009)												
City Council Review (~~May 26~~, August 10, 2009) 1st Reading												
City Council Review (~~June 8~~, Sept 14, 2009) 2nd Reading												

Rev. 2009-05

Create an overlay district specifically for senior housing which addresses their unique parking and density needs.

Task Pending Task Completed

9. Updating the Growth Management Element of the General Plan

2009 Schedule

Sarah Allen, Planning Intern • Michael Cass, Assistant Planner

Task / Milestone	2009 JAN	2009 FEB	2009 MAR	2009 APR	2009 MAY	2009 JUN	2009 JUL	2009 AUG	2009 SEP	2009 OCT	2009 NOV	2009 DEC
Conduct research. Review GP02-92	■	■										
Referral agency outreach. Input from staff.	■	■										
Coordinate with Leah Greenblat regarding measure J requirements. Begin CEQA procedures.			■									
Begin drafting updated element based on referral agency feedback			■									
Circulation Commission 3/2/09			■									
Complete preparation of addendum to GP EIR.			■									
Staff report week of 4/6/2009 PC review (4/16/2009)				■								
Revisions, if needed, based on Circulation & Planning Commission comments.				■	■							
Proceed with proper noticing, public hearings, and adoption of update/resolution/EIR addendum.				■	■							
Staff report week of 4/27/2009 City Council review(5/11/2009)					■							

Rev. 2009-05

Update to the Growth Management Element of the General Plan in order to comply with Measure J, ensuring continued transportation funding from Contra Costa County.

Task Pending ■ Task Completed

10. Drainage & Walkway Fees Update

2009 Schedule

Niroop K. Srivatsa, Planning & Building Services Manager

Task / Milestone	2009 JAN	2009 FEB	2009 MAR	2009 APR	2009 MAY	2009 JUN	2009 JUL	2009 AUG	2009 SEP	2009 OCT	2009 NOV	2009 DEC
Review drafts from consultant (note: the bulk of the work was completed in 2008)												
Legal review												
City Council presentation (March 23, 2009)												
City Council Hearing (~~April 27~~, May 11, 2009) 1st Reading												
City Council Hearing (May 26, 2009) 2nd Reading												

Rev. 2009-05

Upgraded and updated existing drainage impact and walkways fees.

Task Pending Task Completed

12. Green Building

Ann Merideth, Community Development Director

2009 Schedule

Task / Milestone	2009 JAN	2009 FEB	2009 MAR	2009 APR	2009 MAY	2009 JUN	2009 JUL	2009 AUG	2009 SEP	2009 OCT	2009 NOV	2009 DEC
Develop outline with Environmental Task Force												
Present proposal to City Council (3/23/2009)												
Discuss with Planning staff												
Present to DRC, PC												
Prepare draft ordinance												
Review of draft ordinance by DRC, PC												
Prepare final ordinance, CEQA												
Public hearings by PC												
Public hearings and adoption by City Council												

Rev. 2009-05

The Environmental Task Force is developing a green building program and ordinance consistent with the City's adopted Environmental Strategy.

Task Pending Task Completed

13. Environmental Strategy / Climate Action Plan

2009 Schedule

Ann Merideth, Community Development Director

Task / Milestone	2009 JAN	2009 FEB	2009 MAR	2009 APR	2009 MAY	2009 JUN	2009 JUL	2009 AUG	2009 SEP	2009 OCT	2009 NOV	2009 DEC
Develop outline with Environmental Task Force		■	■									
Present proposal to City Council (3/23/2009)			■									
Prepare first draft												
Present to Environmental Task Force												
Prepare second draft												
Public review												
Present to City Council for adoption												

Rev. 2009-05

The Environmental Task will be expanding the City's Environmental Strategy that was adopted in 2006 to include information about the community's baseline greenhouse emissions and programs to reduce these emissions consistent with goals established in the AB 32. The expanded Strategy will also address other environmental issues, such as water conservation.

□ Task Pending ■ Task Completed

16. Update Conservation & Scenic Easement Agreements

2009 Schedule

Lindy Coburn, Associate Planner

Task / Milestones	2009 JAN	2009 FEB	2009 MAR	2009 APR	2009 MAY	2009 JUN	2009 JUL	2009 AUG	2009 SEP	2009 OCT	2009 NOV	2009 DEC
Research other local jurisdictions language and concerns raised by PC												
Prepare draft language												
Review draft language with Planning Staff												
Review draft language with City Attorney												
Finalize draft language												
PC Hearing - first review of draft language (Aug. 20)												
PC Hearing – second review of draft language (Sept. 3)												
CC Hearing - first review of draft language (Sept. 28)												
CC Hearing – second review and adoption of changes to easement agreements (Oct. 13)												

Rev. 2009-05

Update the City's Conservation and Scenic Easement agreements, incorporating language that will protect the natural condition of the topography and vegetation, and ensure preservation and conservation for the visual enjoyment and not physical onsite use.

Task Pending Task Completed

17. Horticulture in the R-100 Zone

2009 Schedule

Michael Cass, Assistant Planner

Task / Milestone	2009 JAN	2009 FEB	2009 MAR	2009 APR	2009 MAY	2009 JUN	2009 JUL	2009 AUG	2009 SEP	2009 OCT	2009 NOV	2009 DEC
Prepare Draft Language		■	■									
Research Other Local Jurisdictions regulations		■	■									
Review Draft Language with Planning Staff												
Review Draft Language with City Attorney												
Finalize Draft Language												
CEQA Review (as applicable)												
Draft PC Staff Report & Resolution												
PC Public Hearing (~~05/07/2009~~ 06/18/2009)												
Draft CC Staff Report, Resolution, & Ordinance												
City Council Hearing (~~05/26/2009~~ 6/13/2009) 1st Reading												
Revise CC Staff Report, Resolution, & Ordinance												
City Council Hearing (~~06/08/2009~~ 06/27/2009) 2nd Reading												

Rev. 2009-05

Zoning text amendment to modify horticultural from a permitted use to a use requiring a use permit in the R-100 zoning district. Define: crop/tree farming, greenhouses, horticulture, small farming, and viticulture.

Task Pending ■ Task Completed

18. Amend Outdoor Storage & Code Enforcement Ordinance

2009 Schedule

Mark Robbins, Code Enforcement Officer

Task / Milestones	2009 JAN	2009 FEB	2009 MAR	2009 APR	2009 MAY	2009 JUN	2009 JUL	2009 AUG	2009 SEP	2009 OCT	2009 NOV	2009 DEC
Complete Draft Language												
Work session with Planning Staff; finalize amendments												
City Attorney review of draft amendments												
Revise per City Attorney comments; prepare resolution & ordinance; evaluate amendments for CEQA compliance												
City Attorney review of draft resolution and ordinance												
Planning Commission public hearing (~~June 18~~, July 2, 2009)												
City Council public hearing (~~July 27~~, August 10)												
Final reading and adoption (~~August 10~~, September 14, 2009)												

Rev. 2009-05

Municipal Code updates to chapters 1-9, 6-23, and 8-21 regarding code enforcement to establish administrative fines, etc. and appeals fees; update outdoor storage language as it pertains to vehicle definitions; and, incorporate the changes into Chapter 8-21 for uniform enforcement, respectively.

Task Pending Task Completed

19. Annual Housing Report

Niroop K. Srivatsa, Planning and Building Services Manager

2009 Schedule

Task / Milestone	2009 JAN	2009 FEB	2009 MAR	2009 APR	2009 MAY	2009 JUN	2009 JUL	2009 AUG	2009 SEP	2009 OCT	2009 NOV	2009 DEC
Develop Annual Report using material available from the Housing Element currently being drafted and other sources		■	■	■								
Planning Commission review and recommendation (~~April 16~~ May 7)												
City Council review and approval (~~April 27~~ May 26)												
Submission to the State Department of Housing and Community Development (HCD) (~~May 11~~ June 1)												

Rev. 2009-05

Preparation of an annual report to the City Council and Planning Commission that describes the amount and type of housing activity correlated with the City's housing needs. The report has to be submitted to the State Department of Housing and Community Development (HCD).

□ Task Pending ■ Task Completed

22. Tree Ordinance Update

2009 Schedule

Michael Cass, Assistant Planner

Task / Milestone	2009 JAN	2009 FEB	2009 MAR	2009 APR	2009 MAY	2009 JUN	2009 JUL	2009 AUG	2009 SEP	2009 OCT	2009 NOV	2009 DEC
Prepare Draft Language												
Review Draft Language with Planning Staff												
Review Draft Language with Ateljevich, Cleaver & Phillips												
Review Draft Language with City Attorney												
Finalize Draft Language; CEQA Review (as applicable)												
Draft Planning Commission Staff Report, Reso. & Ord.												
Planning Commission Review (September 3, 2009)												
Draft City Council Staff Report, Resolution, & Ordinance												
City Council Review (October 26, 2009) 1st Reading												
City Council Review (November 9, 2009) 2nd Reading												

Rev. 2009-05

Zoning text amendment to update the Tree Protection Ordinance, including permitting the tree removal mitigation payment to be utilized for native shrubs.

Task Pending Task Completed

25. Open Space Plan and Strategy

2009 Schedule*

Steven Falk, City Manager; Greg Wolff, Senior Planner; Zoe Merideth, Intern

Task / Milestone	2009 JAN	2009 FEB	2009 MAR	2009 APR	2009 MAY	2009 JUN	2009 JUL	2009 AUG	2009 SEP	2009 OCT	2009 NOV	2009 DEC
Advertise for Open Space Committee (OSC) members												
Draft mission and goals for OSC												
Appoint OSC members												
Begin OSC meetings - April 20, 2009 - May 1, 2009 - May 15, 2009												
Prepare Draft Open Space Plan and Strategy												
Present Draft Plan, CEQA to OSC, PC and PTRC												
Present Plan to City Council												

** Schedule as adopted by the City Council – 2009-02-09 • Rev. 2009-05*

The City will be receiving funds from Measure WW, including the acquisition of open space. A subcommittee of the Council and Parks, Trails & Recreation Commission recommended that a master plan and funding strategy for acquiring open space would be beneficial to Lafayette.

Task Pending Task Completed

Seifel
CONSULTING INC.

Memorandum

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VIA EMAIL

May 14, 2009

To: Niroop Srivatsa, Planning and Building Services Manager

Cc: Tony Coe, Engineering Services Manager

From: Libby Seifel and Jackie Tsou

Subject: Potential New Development Impact Fees for City of Lafayette

Seifel Consulting Inc. (Seifel) is pleased to deliver this memorandum presenting potential new development impact fees for the City of Lafayette's consideration. The memorandum is organized into the following sections:

I. Overview of impact fee updates
II. Description of potential new impact fees
III. Additional considerations
IV. Next steps

I. Overview of Impact Fee Updates

Starting in 2007, Seifel was retained by the City of Lafayette to review and provide recommendations on the City's development impact fees. Based on our initial assessment, we recommended that the City update some of its existing fees and consider new impact fees that would help the city pay for facilities costs associated with new development. Accordingly, Seifel worked with City staff to update its Parkland Dedication In-lieu Fee, and to conduct a nexus study to support the establishment of a new Park Facilities Fee to fund park improvements and facilities. Furthermore, in order to update the City's existing Drainage Fee and Walkways Fee, Seifel established a new nexus for each of these fees. The updated Drainage and Walkways Fees will be considered for adoption on May 26, 2009.

In addition to the above new and updated fee programs, our initial assessment found that the City could potentially consider some additional impact fees that would help defray the cost for

the City to provide new facilities for new development. The following section describes these potential new fees in more detail.

II. Description of Potential New Impact Fees

City government constructs and maintains facilities and infrastructure in order to provide services to the community. Based on conversations with City staff, the City of Lafayette may wish to consider the following new impact fees. These fees would be fairly assessed to new development based on the proportionate share of the facilities and/or improvements that new development would need and the proportionate cost of those facilities and/or improvement. The City would develop a funding plan, of which impact fee revenues would be one component, in order to fund needed improvements for the entire city.

Capital Facilities Fee

A Capital Facilities Fee could be assessed for the provision of public facilities that provide services for city residents and people who work in Lafayette. Such facilities may include city offices, police stations, fire stations, libraries, senior centers, and other public facilities.

Many jurisdictions, including Moraga and Fremont, assess an impact fee to help fund public facilities, typically referred to as a capital facilities fee.

Community Facilities Fee

A Community Facilities Fee could help fund the construction of public or publicly supported facilities that provide community, recreational, child care, and/or human services, such as a senior center. Depending on the type of facilities needed, some cities incorporate the cost of these facilities into their capital facilities fee or park facilities fee. Fremont's Capital Facilities Fee, for instance, helps fund senior centers and libraries. San Francisco and Danville have fee programs for child care facilities. Livermore has a comprehensive social and human service facilities fee program, which includes community care, child care and senior centers. In Lafayette, recreational community facilities are included in the Park Facilities Fee.

Bikeways Fee

The City adopted a Bikeways Master Plan in 2006 to guide the development of a citywide system of bike lanes, bike routes, bike paths, bicycle parking, and other related facilities to "allow for safe, efficient and convenient bicycle travel within Lafayette and between Lafayette and regional destinations."[1] A Bikeways Fee could help defray the costs of facilities and improvements identified in the Bikeways Master Plan.

The Town of Danville collects a fee for a multi-use pedestrian and bicycle trail.

[1] Page 1-1 of Lafayette Bikeways Master Plan.

Construction Traffic and Pavement Fee

While the Mitigation Fee Act prohibits the use of impact fees for ongoing maintenance activities, some cities have adopted a fee to recover the costs of resurfacing streets subject to intense wear and tear by developers' construction hauling activities. Several Bay Area cities are reported to collect a construction traffic and pavement fee (Portola Valley, Hillsborough, Menlo Park and Richmond).

Administrative Plan Fee

Some California cities collect an impact fee to recover some of the costs associated with preparation of the General Plan. The City of Hemet, in Riverside County, for example, charges a General Plan Impact Fee to developers.

California Government Code (Government Code) Section 65456 allows for the cost recovery of the preparation, adoption, and administration of a specific plan. This fee may be charged to applicants for which approvals are required to be consistent with the specific plan. This fee would not be an impact fee, and other requirements specific to Section 65456 would apply.

III. Additional Considerations

A. Impact Fees as Part of a Funding Plan

Lafayette is predominantly built out, and new development can only be assessed their fair share of facility costs. Therefore, revenues collected by an impact fee program would need to be complemented by other funding sources in order to fund the costs of facilities and improvements needed by existing and new development. A funding plan would identify other sources of funding, the amount of funding provided by each funding source and the timeframe during which each funding source is projected to be available for the construction of facilities and improvements. Because revenues collected from an impact fee program must be spent within five years, cities are encouraged to identify and secure other funding sources in order to fund planned projects in a timely manner. If impact fee revenues have not been spent by the fifth year following the first deposit, Government Code Section 66001(d)(1)(c) requires cities to identify all sources and amounts of funding anticipated to complete financing for incomplete improvements. The City can retain the funds for expenditure at a later time, but will need to make certain findings as required by the Government Code.

In instances where revenue from an impact fee is generated slowly over several years, other complementary funding sources may be needed to fund the initial costs of developing public facilities, with impact fee revenues providing repayments at a future time.

B. Impact Fees in Comparison Cities

To illustrate the types of new impact fees that could be charged in Lafayette, we researched jurisdictions near Lafayette and cities within the Bay Area region. These cities are able to

accommodate more new development, as compared with the level of development in Lafayette, and therefore have a broader range of impact fees. The following table illustrates the impact fees charged in Bay Area cities. Because of the varying nature of each city's impact fee program, the dollar amount of typical impact fees on a prototypical development has not been calculated. As Table 1 shows, some fees are common across jurisdictions, while some cities have adopted unique fee programs to help finance the specific needs of their communities.

Table 1
Summary of Development Impact Fees in Comparison Cities

City	Roads/ Traffic/ Transit	Walkways	Drainage	Park Lands	Park Facilities	Community Facilities[a]	Capital Facilities[b]	Parking	Other
Lafayette	*X*	*X*	*X*	*X*	*X*			*X*	
Concord	X		X	X	X				
Danville	X	X	X	X	X	X		X	X
Fremont	X			X	X		X		
Livermore	X		X	X	X	X			
Moraga	X		X	X	X		X		
Orinda	X		X	X					
Pleasant Hill	X		X	X	X				
San Francisco[c]	X			X	X	X			X
Walnut Creek	X		X	X	X				X

a. Community facilities include facilities such as community centers, child care, library, and senior center facilities.

b. Capital facilities include public facilities, such as police and fire stations, city hall, public service facilities, etc.

c. The City of San Francisco has adopted citywide child care, transit and housing impact fees, as well as neighborhood specific fees that include more facilities. The fee categories shown above are for the recently adopted Eastern Neighborhoods.

Note: Not all impact fees for the cities shown are included above; only the most commonly assessed fees are included.

Source: City of Concord; Town of Danville, City of Fremont, City of Livermore, Town of Moraga, City of Orinda; City of Pleasant Hill; City of San Francisco; City of Walnut Creek.

IV. Next Steps

As for the City's newly established and updated fees, a nexus study would be required to support the establishment of any new impact fees. Recent impact fee work has already generated some of the data that would be needed to perform a nexus study for new fees. Thus, a nexus study to support any potential new fees could make use of data already collected.

Seifel is prepared to assist the City with a more detailed assessment of what additional fee programs are feasible and supportable, based on the City Council's direction on which fees to consider. As an initial step, we would help the city to estimate the projected revenues that could potentially be generated by each of the new impact fees. We would work with staff to gather currently available information based on identified facility needs, associated costs and other readily available data. A preliminary revenue projection could help the city decide which new fees should be the subject of a nexus study to support the creation of new impact fees.

City of Lafayette Staff Report

For: City Council

By: Mary Bruns
Lamorinda Senior Transportation

Date Written: May 7, 2009

Meeting Date: May 26, 2009

Subject: Budget Report

1. Introduction

The Lamorinda Spirit Van Program is an Enterprise Program with limited support from the Cities of Lafayette, Moraga, and Orinda.

The **City of Lafayette** has graciously funded the program as follows:

- 2005-2006 $35,000
- 2006-2007 $25,000
- 2007-2008 $25,000
- 2008-2009 $25,000

Moraga has funded the program in 2007-2008 with $5,000 and $5,000 has been committed for 2008-2009.

Orinda has funded the program in 2008-2009 with $3,000 through their Community Grants Program and mentioned the possibility of putting the Lamorinda Spirit Van Program in their budget.

In 2008-2009, we appreciate having received additional funding as well:

- $3,000 from the Lafayette Community Foundation
- 10,000 from East Bay Community Foundation
- $2,817 from individual donors and business sponsors
- $672 from the Lafayette Holiday Concert Fund Raiser

Additional monies are still due:

- Approximately $4,000 projected from the Lafayette Juniors – due in June
- 5,000 committed from the Town of Moraga
- **The New Freedom Grant monies of $24,481 awarded in July, 2008 have not started coming in as yet and may not come in until 2009-2010. This was**

actually expected. We can also apply for their next cycle of funding in August.

The goal is for the Lamorinda Spirit Van Program to be self-sufficient through securing funding.

- We actively solicit funding from foundations, the Lamorinda cities of Lafayette, Orinda, and Moraga, service groups, and Lamorinda citizens. We would like to see Orinda and Moraga increase their contributions to support this much needed program.

- We also raise money through passenger fares, fund raisers, invoicing the Contra Costa Nutrition Project, and through renting out the van for community events.

2. **Fiscal Impact for 2009-2010:**

   - **We request that the City of Lafayette continue to fund this program with $25,000.**

   - **We request that Moraga fund this program with $14,500.**

   - **We request that Orinda fund this program with $14,500.**

3. **The program is working. Here are our successes:**

   - **Nine volunteer drivers** have successfully completed our training program and six continue to drive our older citizens to meet their errand and shopping needs in Orinda on Tuesdays, in Lafayette on Wednesdays, and in Moraga on Thursdays.

   - **Medical Appointments:** This past year we initiated driving for medical appointments. On Mondays, medical appointments are the priority, and we are able to accommodate some medical appointments throughout the week, working around the lunch and errand day schedules.

   - **Monthly Friday trips** to Sun Valley Mall in Concord and Broadway Plaza in Walnut Creek are offered as well as to monthly concerts and occasional workshops at the Lafayette Community Center.

- **Rides Per month**

Month	**Rides per month Fiscal Years 2006-2007**	**Rides per month Fiscal Years 2007-2008**	**Rides per month Fiscal Years 2008-2009**	**Rides per month Fiscal Years 2009-2010**
July	114	203	207	
August	157	223	137	
September	150	201	164	
October	120	198	216	
November	127	168	116	
December	111	164	147	
January	185	176	218	
February	160	206	216	
March	170	190	223	
April	185	143	228	
May	210	154	220 projected	
June	203	128	220 projected	
Total Rides	**1892**	**2154**	**1872 actual so far**	
Average/month	**158**	**180**	**187 actual so far**	
Projected Total Rides			**2312 projected**	**2520 projected**
Projected Average			**193**	**210**

Rides by City	**2006-2007**	**2007-2008**	**2008-2009**
	12 months	**12 months**	**10 months**
Lafayette	1006 rides – 53%	1474– 68%	1132 – 60%
Moraga	649 rides – 34%	415 – 19%	358 – 20%
Orinda	237 rides – 13%	267 – 13%	382 – 20%
Total	**1885**	**2156**	**1872**

Note: We can expect roughly the same percentages by city as we complete the current fiscal year.

Month	Number of different passengers served per month 2007-2008	Number of different passengers served per month 2008-2009	Number of different passengers served per month 2009-2010
July	13	18	
August	14	15	
September	13	19	
October	12	20	
November	10	15	
December	15	29	
January	12	19	
February	17	21	
March	16	27	
April	21	18	
May	11	20 projected	
June	16	20 projected	
Total	**170**	**201 actual so far**	
Monthly Average	**14**	**20**	
Projected Total		**241**	
Projected Average		**20**	**25**

Mileage

- **Mileage 2007-2008: 10,319 for an average of 860 miles per month.**
- **Projected Mileage 2008-2009: 11,081 for an average of 923 miles per month.**
- **Projected Mileage 2009-2010: 12,000 miles for an average of 1,000 miles per month.**

Ridership

- Ridership fluctuates because the primary seniors who utilize our service are in their 80's and 90's. They stay home when they are ill and sometimes when it is raining. They are hospitalized, go into care facilities, and sometimes they pass away.
- On Errand Day we take people to more than one destination. Each destination counts as one ride. The Pleasant Hill Senior Van Program only permits passengers to go to one destination per ride and back home again. They charge $1.50 for each one-way trip or $3.00 round-trip whereas we charge $6.00 for as many destinations as there is time to accomplish.
- Rides to lunch are currently close to capacity.

- **Steps taken to increase ridership:**

    - Monthly letter to registered passengers
    - Monthly article in Lafayette Today
    - Quarterly article in Lafayette Park and Recreation Guide
    - Article in Prime Time Seniors (every two months)
    - Passenger registration followed up with offer to schedule a ride
    - Free first ride offered
    - Free ride coupon mailed with Holiday card in December
    - Speaking engagements at Moraga Movers, Lafayette Juniors, Orinda Woman's Club, Senior Symposium, upcoming Moraga Women's Society meeting (5/18)
    - Article in Orinda paper and Moraga Movers' Newsletter
    - Phone calls to passenger list are in process to update our records and to encourage van usage; Marlys Tobias (Dispatcher) is one-third the way through the list.
    - Lamorinda Spirit Van flyers are on display at every Senior Services event.
    - The Holiday Concert Fund Raiser calls attention to this service.
    - Driving for the Lafayette Art and Wine Festival, the Taste of Lafayette, the Moraga Juniors Garden Tour, and the Lafayette Juniors Kitchen Tour calls attention to this transportation service for seniors.

- **Community support**

    - Our Advisory Committee is composed of members from all three of the Lamorinda communities we serve: Lafayette, Orinda, and Moraga as well as from the other programs participating in the Lamorinda Senior Transportation Program: Senior Helpline Services Rides for Seniors, Orinda Seniors Around Town, and Contra Costa Yellow Cab and DeSoto Company. The Committee is actively involved in doing what is needed to keep us running and has participated in approaching the City Councils of Moraga and Orinda to share in the mutual effort to sustain and expand this vital service.

    - Volunteers have come forward to drive and to provide accounting and graphic art expertise.

- **Customer satisfaction**: We continuously hear positive remarks about our drivers and our program:

    - "The drivers are wonderful. We get so much done and have fun at the same time."
    - "We try not to let her carry all of our packages, but she does anyway."
    - "I don't know what I would do without this service."
    - "I was house bound before the van."

- "I notice how you work at expanding service, and I really appreciate it."
- "I arranged a ride for my surgery, but I needed a way to get to the follow-up appointment. I really appreciate the trouble you went through to make this happen."

4. How we are serving Lafayette, Orinda, and Moraga

- **Our side panel advertising** has supported all three cities with the message: "Shop Lamorinda." It currently features the Lafayette Chamber of Commerce message: "Try Lafayette first."

- **Community Groups** use or rent the van.

  - Lafayette Community Center uses the van during times of high parking needs.

  - Little League uses the van for their opening weekend to transport people to parking.

  - The Chamber of Commerce uses our van to transport people from BART to downtown Lafayette during the Lafayette Art and Wine Festival and to various restaurants during the Taste of Lafayette.

  - The Lafayette Methodist Church senior group used the van for a field trip.

  - The Moraga Juniors used our van to transport Garden Tour participants from Happy Valley School to a home with limited parking. This was our way to say thank you for their making us one of their beneficiaries last year.

  - Similarly the Lafayette Juniors will be using our van between two locations on their May 16 Kitchen Tour, and we will be one of their minor beneficiaries this year.

- **Lunch Trips for isolated seniors:** Through the van which seats seven ambulatory people and two people in wheelchairs, we take seniors to the C.C. Café at the Walnut Creek Senior Center for lunch Monday through Friday at no cost to the passenger. This is an opportunity for house-bound seniors to not only enjoy a nutritious meal at very low cost ($2.00), but also to get out of the house to meet and socialize with new people, much enriching their daily lives.

- **Essential Errands and Shopping for seniors who no longer can drive**: Besides the lunch program, we take our passengers shopping and to manage some of the routine errands of daily living. On Tuesday afternoons, we drive Orinda seniors to their errands in Orinda and Lafayette. On Wednesday afternoons, we

drive Lafayette seniors to places such as Safeway, Trader Joe's, Diablo Foods, Longs Drugs, the bank, post office, and occasionally to hair and medical appointments. On Thursday afternoons, we drive Moraga seniors to similar errands in Moraga and often to Trader Joe's in Lafayette. We work in local medical appointments when possible. For this service, we charge $6.00 for a round trip and $3.00 for the occasional one-way trip, a fee that in no way covers the cost of the transportation.

- **Medical Appointments for seniors** - We take seniors to their medical appointments at Kaiser and John Muir in Walnut Creek and Shadelands on Mondays and also in conjunction with the lunch run.

4. Goals

- We propose continuing to research, solicit, and secure additional funding so that we can meet the program needs while being financially self-sufficient, i.e. it is not our intention to request more than the current level of support from the City of Lafayette.

- We are looking into becoming a 501c3 organization to enhance our fund raising capabilities. Certain funding sources are not open to us without taking this step including having cars donated to our program.

- We continue to recruit volunteer drivers.

- The rides to the lunch program are close to capacity. We are looking for ways to expand afternoon van usage for errands and medical appointments.

- We are applying for the 5310 Federal grant to purchase a new van. If awarded this grant, the Federal Grant will pay 88.53% of the cost of $57,000, and our program would pay the remaining 11.47% and any additional options above the cap of $57,000. If we are not awarded this grant, we will look into other ways to secure a second van.

6. Operating Budget 2009-2010

Expenses	Budget 2008-2009	Budget 2009-2010
Personnel Services	$ 66,103	$ 66,103
Van Maintenance and Fuel	$17,500	$ 17,500
Office Supplies	$ 1,200	$ 1,200
Postage	$ 800	$ 1,300
Printing and Binding	$ 200	$ 200
Special Departmental Supplies	$ 1,000	$ 1,000
Maintenance of Equipment	$ 500	$ 1,000
Utilities – Telephones	$ 800	$ 900
Training	$ 700	$ 700
Community Promotion	$ 2,500	$ 2,500
Contractual Services	$ 600	$ 1,200
Equipment	$ 600	$ 10,600
***Total Program Cost**	**$92,503**	**$104,203**

***Notes:** We expect to come in under budget because we have to budget high for van maintenance, and so far, we haven't had to use the whole budget. As of April month end, we had used 53,260.63 of our 2008-2009 budget. If our expenditures remain normal, we will end this year with about $65,000 in expenditures. The van has incurred only reasonable amounts of service, and the Program Coordinator did not use all of her allotted hours.

The Finance Department has projected that at the end of 2009-2010, we will have $6,000 to carry forward into 2010-2011 if we bring in all the revenue we have projected. That figure may be higher if we don't need to use our whole budget.

Increases in the 2009-2010 budget are due to the following:

- Postage from $800 to $1300 due to increased mailing list and occasional extra mailings
- Maintenance of equipment from $500 to $1,000. We are now being charged for our portion of the copier and postage machine leases, and we need to have money in the budget for occasional maintenance of the computers and printers.
- Telephones from $800 to $900 to accommodate potential price increases and increased calls.
- Contractual Services from $600 to $1200 – We utilize a paid driver when we can't fill driving needs with volunteers. We recover some of this money when we use a paid driver for community events. We occasionally utilize another dispatcher when our dispatcher is ill or takes planned time off.
- Equipment from $600 to $10,600. $10,000 has been entered into the budget for a second van, either a new van through the 5310 Federal Grant or a used van so that we can stay in service when the van has to be serviced and also meet occasional overlapping needs.

2008-2009 Revenue

Lafayette	$25,000
Orinda	$ 3,000
Moraga	$ 5,000 committed
East Bay Community Foundation	$10,000
Lafayette Community Foundation	$ 3,000
Donors and Business Sponsors (Advertising)	$ 2,817
Lafayette Holiday Concert Fund Raiser	$ 672
Lafayette Juniors	$ 4,000 projected for June 4
Van Rides	$ 3,028
Misc. Revenue Due	$ 1,360
***Total Revenue**	**$57,877**

***Note: We began the year with $46,846 – prior year's fund balance.**

Applications for Funding and Grants 2008-2009

- East Bay Community Foundation – successful
- New Freedom Grant - successful
- Lafayette Community Foundation – successful
- Orinda Woman's Club – came in third; only first and second place were awarded funding.
- Lafayette Juniors – successful
- Holiday solicitation letter to passengers and article in Lafayette Today – small success
- Orinda Community Grants Program – successful
- 5310 Federal Grant for a new van – in process
- City of Lafayette – successful
- Moraga – committed
- Beverly Foundation – Results aren't out yet.

2009-2010 Revenue Projections

	Budget 2009-2010
Van Fares	$ 3,000 projected
Lafayette	$ 25,000 requested
Moraga	$ 14,500 requested
Orinda	$ 14,500 requested
New Freedom Grant	$ 24,481 awarded in July, 2008, but not yet received. This was expected.
Unknown Community Grants and Donations	$ 30,000 to be applied for
Total	$111,481

Thank you for considering our report and goals.

Sincerely,

Mary Bruns
Program Coordinator
Lamorinda Senior Transportation and
Lamorinda Spirit Van Program
(925) 284-5546

March 30, 2009

Lafayette City Council
City of Lafayette
P. O. Box 1968
Lafayette CA 94549

Re: Roads Task Force (RTF)

Honorable Mayor and City Council Members:

Upon reviewing the last memorandum on roads and drains from Tony Coe, dated February 19, 2009, which was presented to the CPAC and RTF, and based upon the subsequent discussions at those meetings, it became apparent that Lafayette was much closer to funding their Road and Drain repairs than had previously been determined. I believe the amount is now closer to $5 million than the $15 million in Mr. Coe's report. Further, it may be possible to eliminate the remaining balance with one of several ballot measure options, two of which would require less than a $50 per parcel tax, a very doable amount. My analysis and assumptions are as follows:

Beginning with Table 6 in Mr. Coe's February report, he estimates a balance of $15.5 million will be required by 2016 to fix the remaining roads and drains. This Table 6 assumes the City will continue to support the road and drain repairs at the rate of $1.7 million annually, which includes $400K of gas tax monies, $300K from Measure C/J, and $1 million from the General Fund. This Table 6 also assumes the City will receive the Palos Colorados funds of $2.5 million and use them for road and drain repair. Finally, Table 6 assumes repayment of $1 million of the RDA loan in 2011 for fixing roads. Presumably, the only amounts at risk in this Table 6 are the Palos Colorados Funds, and timing during this seven-year period may only impact the availability of such funds.

However, these figures do not include the use of the remaining RDA loan monies and interest for road and drain repair, which the RTF and City Council have discussed as a possible option. Nor do these figures include the recent increase in waste management (trash) fees, which would result in another $400K annually and are required for road repairs. In addition, these figures do not include any savings from bidding new contracts, which could amount to another $500K in 2009 and further savings in 2010. Also, the annual $138K interest from below the cap RDA loans is not included. There may be other future impact fees, grants and stimulus payments that could be used for road repairs, however I have not included them in the calculations below.

Utilizing simple math, if we reduce the $15.5 million in 2016 by the amount of the waste management fees over the next seven years, or $2.8 million (7 X $400K), then the remaining amount for road and drain repair becomes $12.7 million. Next, if we reduce the $12.7 million by the repayment of the RDA loan in 2016, plus accrued interest above the cap, or $6.2 million ($7.2 million in total less the $1 million already used previously by Mr. Coe in Table 6), the remaining road balance is now down to $6.5 million. Finally,

deducting a combination of dollar savings from contracts bid in 2009, or $500K, and use of the $1 million in below the cap interest (7 years X $138K), the remaining road balance is about $5 million. There may be other funds available to reduce the remaining balance, but if we just concentrate on this $5 million number, there are several ballot options:

1) The City could do a 30 year bond for $5 million at 6.5% interest that would result in a parcel tax of $37 per year; or
2) The City could do a pay-as-you go plan over five years at $1 million per year (if staff could handle the additional work load), and the parcel tax would be about $96 per year; or
3) The City could do a pay-as-you go plan over ten years at $500K per year (so staff could handle the extra workload), and the parcel tax would be about $48 per year. If this pay-as-you go option could start in 2011, the work could be completed by 2020.

In either of the above scenarios, given the modest amounts, the City and community would have an excellent chance of passing such a ballot measure in 2010 or 2011.

I would be happy to answer any questions that you may have, but with your commitment to fixing the failed roads and drains in Lafayette, I believe we now have the opportunity and the means to do so.

Very truly yours,

Guy Atwood
Roads Task Force member

[Calculation of available RDA loan funds per Tracy Robinson:
Balances at 6/30/09-

- Above the cap loans - $3.2 million
- Below the cap loans - $1.7 million Total $4.9 million
- Interest at 8%
- Total balance at 6/30/16 = $7.2 million, excluding below the cap interest]

Cc: Roads Task Force
Lafayette Homeowners Council
Lafayette Taxpayers Association